



The Annual  
Canadian Co-operative Congress



SASKATOON  
March 8 - 12, 1948



REPORTS  
and  
ADDRESSES

THE CO-OPERATIVE UNION OF CANADA  
193 SPARKS STREET  
OTTAWA - - - - - CANADA





# *International Co-operative Alliance*

Founded 1895

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*Vice-Presidents:*

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MURRAY D. LINCOLN

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MISS G. F. POLLEY

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FRANCE .....	M. Brot, A. J. Cleuet, Dr. G. Fauquet, G. Gaus- sel, G. Lebon, P. Ramadier
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ICELAND .....	V. Por
NORWAY .....	A. Juell
PALESTINE .....	Y. Efter, A. Zabarsky
POLAND .....	J. Jasinski, J. Zerkowski
SWEDEN .....	S. Apelqvist, Dr. M. Bonow, A. Gjores, A. Hed- berg, A. Oerne, A. Johansson
SWITZERLAND .....	Ch. H. Barbier, J. Huber, M. Maire, Dr. M. Weber
U.S.A. ....	H. A. Cowden and M. D. Lincoln
U.S.S.R. ....	I. P. Akhremchik, K. Khairullin, V. L. Lipovoy, Mrs. E. I. Mityurina, M. B. Narsia, I. I. Rone, F. D. Sadokhov, N. Sidorov, V. M. Volosov



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Founded 1909

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## OFFICERS AND DIRECTORS:

HON. PRESIDENT ..... W. C. GOOD, BRANTFORD.  
PRESIDENT ..... RALPH S. STAPLES, TORONTO  
VICE-PRESIDENT ..... A. C. SAVAGE, TORONTO  
GENERAL SECRETARY ..... A. B. MACDONALD, OTTAWA

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# *Table Of Contents*

	Page
1. Congress Programme .....	4
2. Presidential Message .....	6
3. Report of National Board of Directors .....	7
Finance .....	7
Programme Report .....	8
Taxation .....	12
NHA and Veterans' Land Act .....	14
Freight Rates .....	15
Relations With the CCC .....	15
Dominion Legislation .....	15
Price Controls .....	16
Incorporation of the CUC .....	16
Rules of Union .....	16
Membership and Representation .....	16
International Co-operative Day .....	17
National Co-op Calendar .....	17
Literature and Films .....	18
Labour Co-partnership .....	18
Co-operation and Civil Liberties .....	19
Public Relations .....	19
CARE Report .....	20
Budget .....	21
4. Report on the National Housing Act and Co-operatives .....	23
5. Report on Dominion Co-operative Act .....	25
6. Report of National Co-operative Credit Committee .....	28
7. Report on Standard Terminology for Co-operatives .....	29
8. Civil Liberties and the Co-operative Movement, by George Boyle .....	36
9. Labor Co-partnership—A Solution of the Wage Question, by George Keen .....	48
10. The Co-operative Development Foundation .....	53
11. Financial Statement of The Co-operative Union .....	60 and 61



## CONGRESS PROGRAMME

**MARCH 10** Meeting—National Board of Directors.  
Meeting—Resolutions Committee.

**MARCH 9**

9.00 a.m. Registration.

9.30 a.m. Call to Order.

Minutes.

Appointment of Committees.

Presidential Address.

Address of Welcome—

His Worship, The Mayor of Saskatoon.

Address by F. F. Rondeau, General Manager, Co-operative Insurance Services, St. Paul, Minn.

12.00 noon Luncheon—Speaker: Victor Reuther, Educational Director, UAW - CIO.

2.00 p.m. Sectional Meetings:

(1) Credit Unions and Co-operative Finance.

(2) Taxation of Co-operatives.

(3) Co-operative Insurance.

8.00 p.m. Public Meeting—Speakers: Emil Mazey, Secretary-Treasurer of UAW, and Victor G. Reuther.

Committee Meetings.

Showing of Films on Co-operatives.

**MARCH 10**

9.00 a.m. Report of Credentials Committee.

Directors' Report.

Financial Statement.

Report from Sectional Meeting on Taxation.

12.00 noon Luncheon — Speaker: René Paré, President, L'Union des Mutuelles-vie françaises d'Amérique, Montreal.

2.00 p.m. Report of Resolutions Committee.

Continuation of Directors' Report.

Report from Sectional Meeting on Credit Unions and Co-operative Finance.

6.00 p.m. Banquet—Speaker: Hon. T. C. Douglas,

Premier of Saskatchewan.

Presentation to W. C. Good, Honorary President,

The Co-operative Union of Canada.



**MARCH 11**

- 9.00 a.m. Report of Resolutions Committee.  
Report from Sectional Meeting on Co-operative Insurance.  
Budget for 1948.
- 12.00 noon Lunch.
- 2.00 p.m. Unfinished Business.  
Election of Officers and Directors.
- 3.30 p.m. Visit to Co-operatives in Saskatoon Area.
- 7.30 p.m. Broadcast over CBC network—Speaker: Murray D. Lincoln,  
President, Cooperative League of the U.S.A.
- 8.00 p.m. Public Meeting—Speaker: Murray D. Lincoln.

**MARCH 12**

- 9.00 a.m. Meeting—National Board of Directors.  
Meeting—Co-operative Development Foundation.



## *The Presidential Message*

As this is being written, final plans are being laid for the 1948 Congress of The Co-operative Union of Canada. The member bodies are choosing and instructing delegations, preparing resolutions, considering the matters to be discussed.

Behind this activity, incidental and necessary to the success of a Congress meeting, stands the co-operative movement of Canada, larger and more comprehensive, stronger financially, more alert and better integrated than ever before.

It needs to be. Never was the task more challenging. The delegates as they convene will be keenly aware of their opportunities and responsibilities.

For, strong as the movement is, it is not nearly strong enough yet. If we had been able to advance the aims and methods of the co-operative movement to the point where the people of Canada and the people of the world properly understood them, we would face a very different situation in this year, 1948.

If we had built with sufficient speed and courage and precision, the motivating forces of humanity would not have been fear and dread, hunger and cold, hate and mistrust.

Perhaps there is yet time.

Whether there is time—time to save our civilization from final disaster—depends very largely on those people of the world who believe that the essential needs of humanity can be satisfied without recourse to baser human motives. At Congress we will represent Canadians who hold that belief. Let us be worthy of the hour.

RALPH S. STAPLES, President.

The Co-operative Union of Canada.



## *Report of The National Board of Directors*

Since the last Canadian Co-operative Congress in March, 1947, your national organization has had to consider and act upon many important problems. In the following report we shall attempt to give you a brief resume of the progress made by The Co-operative Union of Canada during the year under review.

The National Board of Directors met three times, twice at the time of Congress, and once in October, 1947. In addition, your Executive held two regular meetings and, besides, the President and Vice-President of the Union conferred many times with the General Secretary on executive work. Representatives from Le Conseil Canadien de la Cooperation were present at all meetings of our Executive and Directors.

### FINANCE

The delegates at last year's Congress voted that the 1947 budget be approximately \$33,000. Your Directors felt that about \$2,000 might be raised from donations, affiliation fees from other organizations, such as the Co-operative Wholesale Society, the Scottish Co-operative Wholesale Society, and Le Conseil Canadien de la Cooperation, and hence recommended that provincial dues be established as follows, totalling \$30,550.

Prince Edward Island .....	\$ 470.00	
Nova Scotia .....	\$2,735.20	
New Brunswick .....	\$1,709.60	
Ontario .....	\$6,837.60	
Manitoba .....	\$4,558.40	
Saskatchewan .....	\$7,116.80	
Alberta .....	\$4,558.40	
British Columbia .....	\$2,564.00	
		<hr/>
		\$30,550.00

Congress further agreed that the dues schedule, when finally prepared by the Directors, should be confirmed by the provincial unions before the assessments were finally determined. Accordingly your General Secretary conferred with the provincial unions and by midsummer the total of the dues agreed to by the provinces amounted to \$28,387.73. A firm commitment was received from every province but Alberta, where the provincial union was not yet functioning actively. All provinces with the exception of Nova Scotia and Alberta paid their dues in full and as a result \$24,487.73 in cash was collected in 1947. This compares with \$23,512.60 in dues received in 1946.

While recommending an approximate budget of \$33,000, the 1947 Congress called upon the Directors to adjust expenditures for the year in keeping with actual receipts and commitments. Every effort was made to do this with the result that the year closed with a surplus of \$855.27. Although the Union's revenue exceeded expenditures by that amount, its liquid position was precarious throughout the year. It was hoped that



the union might come to the year's end showing no accounts payable, but despite all efforts these accounts totalled \$2,634.67 at December 31st, while cash on hand and in the bank was barely sufficient to cover current administrative expenses.

At the end of nearly every month there were grave fears that incoming dues would not be sufficient to cover operating expenses. In order to keep within the budget one member of the staff was laid off in September and the Directors and the Executive voted that no per diem allowances would be paid for their meetings in October and December, respectively. More than three-quarters of the amount appearing on our books each month for the item "accounts payable" was made up of monies owing to the Directors and legal counsel.

Your General Secretary was able to economize by doing some official work at times when his expenses were paid by other organizations. For example, he spent more than two weeks in the Province of Saskatchewan addressing teachers' groups, normal school and university students under the auspices of the Saskatchewan Department of Education.

We submit that your financial statement should be analysed very carefully and that serious consideration be given to the determining of an adequate budget for 1948.

#### PROGRAMME

A ten-point programme prepared by a special committee was approved at last year's Congress and referred to your Board for action. It may be well at this point to review the progress made in carrying out that programme. The ten projects of the programme are listed in order below with appropriate comments on each.

- (1) "THAT the organization of Provincial Co-operative Credit Societies be encouraged across Canada and that arrangements be made to integrate the activities of those provincial societies on a national basis."
- (2) "THAT arrangements be made for the Canadian Federation of Credit Unions to be officially represented at the next Annual Congress of The Co-operative Union of Canada and that a session on credit unions be provided."

Through letters and personal contacts your General Secretary endeavoured to interest the provincial credit union leaders in the necessity of building their provincial co-operative credit societies according to some uniform pattern such as that of the Saskatchewan Co-operative Credit Society. Some progress has been made in this direction. Moreover, a National Co-operative Credit Committee was named for the purpose of collecting information on co-operative credit activities in each province and with this information to prepare a report for Congress on the steps that should be taken leading towards the forming of some type of a national co-operative credit society. This report will be discussed in the Credit Union Section of Congress and in due time you will have an opportunity to review their findings and recommendations.



- (3) "THAT steps be taken to promote and develop co-operatives among urban groups featuring an approach through credit unions, labour unions and kindred organizations."

For the past three years The Co-operative Union of Canada has been endeavouring to cultivate right relationships with the major labour organizations in Canada. Progress has been made in this direction and it would seem that organized labour is now giving substantial recognition to the need of the co-operative movement in protecting the workers' rights and opportunities. At the Directors' meeting in October, 1947, A. R. Mosher, President, and Norman Dowd, Executive Secretary, of the Canadian Congress of Labour, were present for one of the sessions and discussed with the directors methods whereby the Canadian Congress of Labour could collaborate with The Co-operative Union of Canada in promoting the development of consumer co-operatives in urban centres. After considerable discussion it was recognized that the first step in such a programme should be the training of leaders who would have sufficient knowledge of the history, principles and operating practices of co-operatives to enable them to give direction to their fellow-workers. In view of this it was agreed that a two-month labour co-op training school be opened in 1948 on the understanding that the Canadian Congress of Labour and its affiliated unions would pay the costs of the school and the room, board, wages and travelling expenses of the students attending it. It was the responsibility of The Co-operative Union of Canada to organize the courses, and supply instructors.

After considerable negotiating with the various national labour unions in Canada, the School was opened in Toronto on February 2nd with ten pupils enrolled. Two of these are rural students who are being financed by the United Farmers' Co-operative Company and the Ontario Co-operative Union. The School is under the direction of A. H. K. Musgrave, Educational Director of the Ontario Co-operative Union; he will use many of the co-operative and farm leaders of Ontario to assist him in his work.

It is also the understanding that if at the end of two months, certain of the students have been judged qualified to do field work, they will be placed in various parts of Canada and their activities will be under the joint direction of the provincial co-operative unions and the Canadian Congress of Labour. Their salary and expenses will be paid from a pooled fund contributed to by various labour organizations. This work is to continue for a three-year period after which the whole plan will be reviewed.

It is anticipated that at the end of March several workers qualified to operate in the urban areas will be available to meet the ever-increasing demand coming from industrial workers for direction in organizing consumer co-operatives.

- (4) "THAT all provinces which have not yet made plans for developing the services of Co-operative Life Insurance be urged to study this program."



This involves national policy on the manner in which co-operative insurance is to be made available to Canadians. Your Directors have named a National Insurance Committee for the purpose of studying co-operative insurance plans across Canada and reporting to this meeting. Moreover, provision has been made at this Congress for a special section on insurance and we have secured the services of two well-qualified people to talk to you on this subject. Before this Congress adjourns you will have an opportunity of discussing plans submitted by the insurance section on which you will be called to take appropriate action.

- (5) "THAT a Co-operative Foundation Fund should be established for raising monies to be used for special projects of co-operative advancement."

Your Directors have studied the advisability and possibility of organizing a Foundation and with the aid of our counsel, W. B. Francis, the Co-operative Development Foundation was incorporated on October 2nd, 1947. The purposes and objects of this organization are "the encouragement, establishment and development of co-operative education, scholarships and research programmes, artistic, architectural and recreational projects and health and housing programmes with a view to promoting the mental, moral, physical and social well-being and development of those who may be benefitted thereby."

The Foundation is empowered to receive donations, gifts and bequests of all kinds, the monies to be used for the promotion of the objects of the Foundation.

The membership in the Foundation is limited to 15 with an Executive of 5 trustees. The control of the Foundation will at all times be under the Co-operative Union of Canada since provisions have been made for the nine acting Directors of the Union to be members of the Foundation. At the present time the provisional executive is made up as follows: Ralph Staples, President; A. C. Savage, Vice-President; A. B. MacDonald, Secretary-Treasurer; W. C. Good and McD. Rankin. A meeting of the Foundation will be held at the time of this Congress and it may be that before we adjourn a more complete report will be submitted to you.

- (6) "THAT co-operative tours be encouraged by The Co-operative Union of Canada and Provincial Unions."

Ontario is the only province in the Dominion that has successfully conducted a program of co-op tours. Three were conducted during 1947. In June a busload of Ontario co-operators visited the Province of Quebec. In September another busload visited the co-ops in the State of Indiana. Each tour took eight days to complete and 120 people participated. It is true that the co-operatives in Manitoba and Saskatchewan during the past two years were hosts to touring American co-operators but your Programme Committee, in making recommendation No. 6, evidently had in mind the advisability of sponsoring tours originating in Canada for the purpose of visiting other provinces or the U.S.A. Your General Secretary has been endeavouring to awaken the interests of co-operative leaders in



every province in the importance of such work and it is anticipated that several distinctly Canadian tours will be conducted during the coming summer.

Your General Secretary was invited to act as Director of the 1947 U.S. tour to Great Britain and the Scandinavian countries. It was deemed inadvisable to permit him to make such a trip. However, one of our Directors, Mr. J. J. Siemens, and his wife, accompanied the U.S. tour and his enthusiastic report has led us to suggest that we should do everything possible to encourage our co-operative leaders, whenever possible, to become members of groups touring co-operatives in Great Britain and Europe.

- (7) "THAT The Co-operative Union of Canada assist in creating an awareness of the importance of education regarding co-operatives in educational systems at elementary, secondary and university levels."

Your Directors endeavoured to get action on this recommendation but unfortunately were unable to accomplish anything very definite. A national committee was appointed for the purpose of studying to what extent provincial departments of education featured co-operation in the curricula but for various reasons this committee did not act. However, through many contacts your General Secretary was able to interest officials in several provincial departments of education in the need of paying more attention to co-operative education in our schools. It is hoped that we will have a discussion on this topic with additional directions given to the incoming Board.

- (8) "THAT The Co-operative Union of Canada encourage development of documentary files on co-operatives."

Your Directors did not take any action on this recommendation for the reason that it would require additional office help and the budget would not permit such an expense. As a matter of fact, many letters, briefs and publications of historical and documentary value, which were moved from the Brantford Office to Ottawa, have not yet been sorted, catalogued and placed in a position whereby they can be carefully utilized and preserved. Attention to such a task should not be delayed too long.

- (9) "THAT The Co-operative Union of Canada investigate the possibilities of developing a Canadian Co-op Fact Book to be appropriately revised from time to time."

The compilation of a Fact Book on a national scale requires a great deal of clerical work and statistical study. Again this would require additional office help and the Directors felt that the Union was in no position to undertake such a project during the past year.

- (10) "THAT a survey of educational activities as carried on by or through member organizations and kindred co-operative groups including a summary of contributions therefore be made by the National Office."



This recommendation would also necessitate a larger office staff, and moreover, would call upon the provincial unions to assist in making surveys covering monies contributed by co-operatives for educational purposes. This would entail additional expense for provincial unions, which are already financially hard pressed.

#### **TAXATION**

The 1947 Congress passed two resolutions on the taxation question. The first one re-affirmed the stand taken in 1945 and consistently adhered to in 1946 and 1947. The second resolution called for the removal of the 3% provision in the present legislation, and further amendments that would enable co-operatives to set aside necessary tax-free reserves, and would clarify the wording the Act with respect to the withholding of allocated dividends tax-free in the hands of the co-operative.

At a meeting in Ottawa in April the Taxation Committee worked closely with the Executive Committee of the Union in reviewing the whole taxation question. On April 22nd a brief covering our requests for amendments to the Income War Tax Act and other matters was presented to the Dominion Cabinet. The brief renewed the Union's request for tax exemption of bona fide co-operatives and followed with five specific requests for amendments to the present legislation, viz:

- (1) that the section on new co-operatives be amended to allow the three-year exemption provision to apply to co-operatives organized with less than 20 members and that the period of exemption be increased;
- (2) that co-operatives which were exempt under the old Section 4 (p) of the Act be permitted to pro-rate their income for tax purposes as between 1946 and 1947;
- (3) that the Act should be amended to permit allocated dividends to be retained by co-operatives untaxed without the need of securing individual authorizations from the members;
- (4) that co-operatives be permitted to set aside limited tax-free reserves for contingencies;
- (5) that the 3% provision be eliminated.

This presentation was followed up by interviews with Cabinet Ministers, private members and Departmental officials, and such negotiations were backed by a limited number of letters, and telegrams, from co-operatives across Canada. At these interviews an additional point was urged, namely the necessity of amending the Act to make it unnecessary for smaller co-operatives to pay their income tax on an instalment basis.

When Bill 269 covering amendments to the Income War Tax Act was passed by the House of Commons on June 11th, 1947, it was learned that the following changes were secured:

- (1) It removed the restriction whereby new co-operatives could obtain a three-year exemption from income tax only if they had at least twenty members;



- (2) It allowed co-ops to pro-rate their income as between the calendar years 1946 and 1947 in order to obtain tax exemption up to the end of 1946;
- (3) It relieved some of the smaller co-operatives from the necessity of making instalment payments of income tax;
- (4) It included in the definition of a person's income (for taxation purposes) certificates evidencing indebtedness or stock or shares issued to such a person pursuant to an allocation in proportion to patronage;
- (5) Extended the meaning of "member" to include in the members of a taxpaying subsidiary co-operative the members of a parent co-operative, and to include payments by the parent to the member as payments of the subsidiary.

During the 1947 Session of Parliament a revised income tax act was introduced through Bill 454. Copy of this Bill was mailed to co-operative legal counsel in every province and other key co-operative leaders with the request that the Bill be studied and recommendations with respect to changes sent to the National Office in Ottawa. Moreover, this Bill was discussed at smaller sectional meetings across Canada for the purpose of determining the wishes of all provinces as to amendments that should be sought when it was re-introduced in 1948. Consequently, your Directors, when they met in October, 1947, had a very clear understanding of what the movement desired and were in a position to formulate policy and determine plans of approach to the Government.

Prior to our meeting our solicitor, Mr. W. B. Francis, K.C., studied Bill 454 carefully and with the assistance of other co-operative counsel prepared a brief on the points that required consideration. This brief was studied in detail by your Directors, and was again submitted to the country for review. At the executive meeting in December, the brief was condensed and presented to the Honourable Mr. Abbott on December 13th. Amendments to Bill 454 were asked for on the following points:

- (1) That the 3% provision be removed;
- (2) That co-operatives, in computing taxable income, be permitted to deduct from undistributed surplus limited contingency reserves which are required to be set aside by provincial law;
- (3) That the definition of "payment" be extended to apply to the application of patronage dividends on account of loans or shares pursuant to by-law;
- (4) That in view of the impossibility of estimating taxable income until after the deduction of patronage dividends, co-operatives be not required to pay income tax on the instalment basis;
- (5) That the term of exemption of new co-operatives be extended from 3 to 5 years;



- (6) That religious and educational institutions be specifically included in the list of corporations which may be members of a tax-exempt co-operative credit society;
- (7) That it be made clear in the Act that true Mutuals be exempted from income tax;
- (8) That associations organized under provincial statute for providing co-operative housing be exempt from income tax;
- (9) That the section dealing with credit unions be clarified to permit societies not incorporated or organized under provincial co-operative statute, but which are registered thereunder or subject thereto, to be members of co-operative credit societies without endangering the tax-free position of the latter.

In addition to placing these specific requests before the Honourable Mr. Abbott, the Taxation Committee reviewed privately with his advisors certain points in Bill 454 that required rewording but not necessarily a change in policy.

It is anticipated that this Congress may wish to give further directions to the Board in the matter of taxation policy. But even if the thinking of the delegates at this Congress is not crystallized in the form of resolutions, your Board recognizes its responsibility of following up the requests made to the Minister of Finance and of seeing that either through Budget resolutions or when Bill 454 is re-introduced justifiable amendments in the interests of the co-operative movement will be taken care of.

#### **NHA AND VETERANS' LAND ACT**

When your Board met the Dominion Cabinet on April 22nd, 1947, it submitted a brief covering not only the taxation question, but also general considerations which we felt would serve to inform the Cabinet Ministers on the background and operating practices of co-operatives. In addition to this two other requests were made, namely, the desirability of changes in the National Housing Act and the Veterans' Land Act.

It will be recalled that at last year's Congress a resolution was passed calling for the amendment of the National Housing Act to permit co-operative loans on the same terms as those available to limited dividend housing corporations. Unfortunately no action was secured on this resolution. The Minister of Reconstruction at that time was loath to give an interview to a committee of the Union, but the matter was not urged since there was some uncertainty as to just what amendments were required in the Act.

Another resolution, passed last year, called for an amendment to the Veterans' Land Act which would permit veterans to pool grants for which they might be eligible under the Act. This was not implemented for the reason that the thinking of co-operative leaders was not unanimous on this question, and it was difficult to mobilize enough support back of a strong representation for such an amendment. However, the Government did subsequently amend the Act to allow pooling of grants for the purchase of farm machinery.



**OTHER BUSINESS ARISING FROM THE 1947 CONGRESS****FREIGHT RATES**

The matter of a proposed general increase in freight rates was briefly considered by our last Congress and referred to the incoming Board for study and action. Your Board discussed this question at its meeting immediately following Congress and again in October, 1947. At the time of the latter meeting the Board of Transport Commissioners was in session at Ottawa. Although the Railways had previously insisted that the whole question be adjudicated by the Board of Transport Commissioners, they had suddenly come out with a new proposal to put into effect as of November 1st substantial increases in competitive rates without reference to the Board of Transport Commissioners. Your Board of Directors prepared a strongly worded resolution objecting to this action of the railways. Copies of the resolution were sent to the Transport Commissioners. As you know, the Commissioners subsequently turned down this request of the railways.

**RELATIONS WITH THE CCC**

Last Congress discussed the relations between The Co-operative Union of Canada and Le Conseil Canadien de la Cooperation and requested that steps be taken to investigate the feasibility of uniting the two organizations. Accordingly your President and General Secretary met the Board of Le Conseil Supérieur de la Cooperation on August 1st. It was felt advisable to make this approach first to discuss the whole problem with Quebec's provincial co-operative organization through which the subject might be introduced to Le Conseil Canadien de la Cooperation.

A most comprehensive and candid discussion took place but no positive action developed from the meeting. We are satisfied that circumstances make it impossible, at the present time, to unite the two national co-operative bodies. Notwithstanding this, we have received the greatest possible support from the leaders of the French-Canadian Co-operative movement and on all vital issues there has been the closest possible collaboration between the two organizations.

**DOMINION LEGISLATION**

The subject of Dominion co-operative legislation was also discussed at our last Congress. The result was that the Committee on Dominion-Provincial legislation was instructed to continue its study of the subject, and submit a report to this Congress. Under the direction of our legal counsel, the Committee has spent a considerable amount of time and effort on this question, and its report has been sent to the provincial unions for consideration. It is hoped that the delegates present will take definite action on this report and determine what particular type of Dominion Co-operative Act, if any, is required for the development of the co-operative movement in Canada.

This concludes our report on activities directly arising from proceedings of the 1947 Congress. However, it would seem advisable to briefly review certain other items which have come to the attention of your Directors during the regular course of the Union's affairs.



**PRICE CONTROLS**

When the Board met in October, 1947, they felt that the Union, as an organization representing hundreds of thousands of Canadian consumers and producers, could no longer ignore the alarming increases in the cost of living. After some discussion they prepared and passed a resolution which called upon the Government to make known to the public the reasons why it had pursued a policy of price decontrol and what steps it was planning to take as a remedy to the threatening spiral of inflation. This resolution was sent to all members of the Cabinet. Copies were also sent to the provincial unions and it was publicized through Co-op Commentary. Some of the provincial unions pursued the matter by sending supporting letters or telegrams to the Cabinet Ministers.

**INCORPORATION OF THE CO-OPERATIVE UNION OF CANADA**

From time to time during the past years the advisability of incorporating The Co-operative Union of Canada has been considered. This question was further discussed at the October meeting of the Directors and they instructed the General Secretary to request that provincial unions study the question together with the advisability of incorporating their own unions. The provincial secretaries were supplied with some information on both sides of the question and they were asked that provincial delegates to the 1948 Congress should come to Saskatoon prepared to vote either for or against incorporation of the national organization.

**RULES OF THE UNION**

At the beginning of February the Secretaries of the provincial co-operative unions were advised of our intention to submit a resolution amending the Rules of the Union, and asked to inform the delegates of this intention. The Board had only one amendment in mind. It concerns Section 6 of the Rules which has to do with the holding of Congress. The effect of the resolution would be to change Section 6 so that the Canadian Co-operative Congress would be held biennially instead of annually. You will be asked to vote on this matter during our present deliberations.

**MEMBERSHIP**

It will be recalled that last year the Rules were amended to enable the Union to accept as members individual co-operatives which are of an interprovincial or national character and carry on operations in Canada. Your Board is happy to report that the first two associations accepted into membership under this provision are the Co-operative Wholesale Society of England and the Scottish Co-operative Wholesale Society.

**DELEGATE REPRESENTATION**

According to the Rules of the Union the number of Congress delegates representing each member is to be fixed by Congress on the recommendation of the Board of Directors. Your Board recommends that the delegate representation be continued as in the past for the provincial co-operative unions which are members. That representation, totalling 52 is as follows: Prince Edward Island 3; Nova Scotia 5; New Brunswick 4; Ontario 8; Manitoba 7; Saskatchewan 12; Alberta 7; and British Columbia 6. The Board further recommends that organizations such as the Co-operative



Wholesale Society and the Scottish Co-operative Wholesale Society which are admitted to the Union on a direct basis should be represented by one delegate.

#### **INTERNATIONAL CO-OPERATIVE DAY**

Canada's celebration of International Co-operative Day was from all respects more worthy of the occasion than it had ever been in previous years and that, we feel, is as it should be. Many special features were used to mark the day on Saturday, July 5th. Your National Office printed and distributed a special booklet which outlined briefly the history and activities of the International Co-operative Alliance, of which The Co-operative Union of Canada is a national member.

A special message from your President was publicized through Co-op Commentary and carried in many of the daily papers as well as farm and co-op publications. The newspapers were also used to a great extent by local and provincial co-operative organizations. In some provinces full page advertisements were used by groups of co-operatives to bring International Co-operative Day to the attention of the public and to feature in a prominent place the well-known principles of the movement.

Radio facilities were also put to use. Your General Secretary spoke for fifteen minutes over a national network of the CBC, the broadcast originating from Antigonish, N.S. Co-operatives were informed in advance of this broadcast and many groups listened in. In addition, special broadcasts were carried on many local stations in various provinces, sponsored by local co-operatives and provincial co-operative unions.

Picnics, sports days and rallies were other events which served to round out the celebrations.

As a token of our international relations a special recording was prepared by your General Secretary and was broadcast over a network of stations in Holland as a greeting from Canadian co-operators to their fellow co-operators in the Netherlands.

A special Manifesto was prepared by the Executive of the International Co-operative Alliance, calling upon the world to make further use of co-operative principles in the interests of peace. This Manifesto was carried in our co-operative press and publicized in many other papers. Resolutions in support of it were passed by local and provincial co-operative meetings which took place on or about July 5th.

#### **NATIONAL CO-OPERATIVE CALENDAR**

A national co-operative calendar for 1949 is in the process of preparation. This is a project which your Board considered would be valuable from the point of view of publicity and education. We believe that the calendar will be most attractive and useful. It will feature pictures of various types of co-operatives in every province and these should bring home to co-operative members and customers the variety and extent of our movement. The calendar will also display co-operative principles and short slogans.



One of the biggest practical difficulties was that of securing an adequate supply of suitable pictures of co-operatives. Our attempts to obtain pictures frequently resulted in long delays which slowed up the programme of the calendar preparation. These delays were serious because they will almost surely result in a loss of many calendar orders. If the National Co-operative Calendar is to prove a success this year, and in forthcoming years, a greater measure of support from local co-operatives and provincial unions will be necessary.

#### LITERATURE AND FILMS

Recently the national office completed the task of reorganizing and cataloguing its entire stock of co-operative literature, following which a new Literature Catalogue was prepared and sent out to provincial unions and other bodies. It is hoped that the Union will now be able to provide a much improved service in handling requests for literature.

The Union owns several co-operative films including: *Men of Rochdale* (6 copies), *Song of the People* (3 copies), *There Were Three Men*, *A Trip to Co-operative Europe*, and *The Power of Neighbours*. These are kept on deposit with the National Film Society, or regional offices affiliated with that organization, and are available on a rental basis. A portion of the rental is retained by the National Film Society to cover handling charges, cleaning and maintenance. The remainder is turned over to the Union. Through these rentals it is expected that the Co-operative Union will be able to purchase new co-operative films from time to time in order to meet the demand for such films.

Two new co-operative films were completed recently and we are hoping to have them screened at this Congress. One of them, entitled "Owners All," was produced by the Harmon Foundation and deals with the work of the St. Francis Xavier University Extension Department in developing co-operatives. The other is a film on co-operatives in Manitoba. It is hoped that these two films may be added to our library and made available to co-operative groups.

In addition plans are under way for a film on fishermen and co-operatives in the eastern Maritime provinces. Already the subject has been studied by the National Film Board, a scenario has been written, and production is expected to get under way in April of this year.

The Union has also entered into a special agreement whereby films imported into Canada will be purchased through the National Film Society. The Film Society is able to secure special discounts on the prices of these films and a commission on each co-operative film imported in this fashion accrues to the credit of the Co-operative Union.

#### LABOUR CO-PARTNERSHIP

During the past few years an increasing interest in labour co-partnership has been evident among Canadian co-operators. These co-partnerships or co-operative productive societies are not yet numerous in Canada, but they do appear in Saskatchewan where co-operative farms have been



organized, and in Ontario and Quebec where plants of the Garden City Press have been turned over to the employees on a co-partnership basis. It may be that this type of co-operative has a big future in our country and perhaps a prominent place in our movement lies ahead of it. However, your Board has considered that this subject is one which is worthy of study by our co-operators and to stimulate our thinking on the subject we are reproducing in this report an article by Mr. George Keen.

#### **CO-OPERATION AND CIVIL LIBERTIES**

The co-operative movement in Canada has an unbroken record of neutrality in the matter of partisan politics. Indeed this is one of the basic principles of our movement. But that is not to say that our members and our institutions are not to be interested in political affairs. On the contrary, there has perhaps been no time in our history when it has been more necessary for the co-operative movement to clarify its thinking on the relations between itself and the State.

Although we are accustomed to take civil liberties for granted, we have seen them interfered with in drastic fashion by governments in various parts of the world during the past few decades. Even in Canada many people have been alerted to the need for constant vigilance in order to protect their freedom of speech and of association. It is obvious that a co-operative movement cannot flourish unless the people can be assured of continuance of those freedoms which make the movement possible. Perhaps we as co-operators have given insufficient thought to their protection. George Boyle, former Editor of the Maritime Co-operator and author of the widely read book "Democracy's Second Chance," was asked to prepare a paper on the subject of civil liberties and the co-operative movement. This paper is published in this report. We suggest that, if time is available, this topic should be discussed.

#### **PUBLIC RELATIONS**

Your national office has attempted through various means to make the general public more clearly aware of the existence and the activities of the co-operative movement. In the realm of publicity over one hundred releases of Co-op Commentary were sent out during 1947 and these, in addition to keeping our own personnel informed of activities, were widely used in the press and on the radio. Your officers have also attempted to maintain close contact with individuals and associations prominent in the various fields of Canadian endeavour. The staff of your National Office has frequently during the year welcomed and entertained prominent co-operative leaders visiting Canada from other countries.

Two further projects of considerable scope have presented opportunities for the Co-operative Union to align itself with worthy humanitarian causes and in doing so to gain for itself a measure of public attention and approbation. One of these projects was The Canadian Appeal for Children in which The Co-operative Union of Canada actively participated and in which your General Secretary is serving as national Chairman of the UNAC Council. The other project is CARE (Co-operative for American Remit-



tances to Europe) which is sponsored in Canada by the Co-operative Union. Participation in both of these projects necessitated a considerable amount of effort on the part of your officers and has no doubt taxed to some extent the facilities of your National Office. Nevertheless, it was felt that the worthiness of these causes more than justified the effort involved in furthering them, and the publicity that your Union has derived from such action has been considerable. Moreover this work has also assisted your officers in gaining important associations with leading men in other fields and directing their attention to our movement.

#### CARE REPORT

The following brief report on CARE has been prepared by Breen Melvin, its Canadian representative:

"Since reporting to this Congress a year ago, Canadian CARE has experienced a considerable growth in the volume of orders handled and in the variety of packages offered to the public. The total value of orders processed through the Ottawa Office to date exceeds \$750,000.00. Orders totalling \$120,000 were processed in January. The types of packages now available for guaranteed delivery in Europe number fourteen. Seven of these are food parcels, including two specially designed for infant feeding, and six contain textiles. The fourteenth is a coal package for delivery in the Netherlands only.

At the same time the number of "CARE" countries has increased to fourteen, plus the island of Cyprus. Further, negotiations are now in process for the extension of our activities into the Orient.

Until very recently Canadian CARE has operated under somewhat of a cloud because our activities involved the purchase of U.S. funds, thus adding, however slightly, to Canada's critical "dollar" situation. As a result the Canadian Government was obliged to place certain restrictions on our promotional activities, and a good deal of criticism was levelled at us by private citizens.

At this time we are very pleased to report that arrangements have been concluded for CARE to purchase package components in Canada. This will mean not only that Canadian funds will be retained in this country to pay for the products, but also that a considerable influx of U.S. dollars may be anticipated. CARE in New York is anxious to reciprocate in this manner provided that Canadian suppliers are able to meet CARE's standards of quality and American market prices. The first result of this new policy has been the purchase of \$150,000.00 worth of Canadian blankets for inclusion in our blanket parcel.

In concluding this very brief statement I wish to thank those provincial unions and the numerous member organizations which have been of great assistance in publicizing CARE's services and channelling orders to the national office. Your help is greatly appreciated."



**BUDGET**

Consideration has already been given to the Union's financial statement for the calendar year 1947. In our report on the statement we have already made brief reference to some of the difficulties which confronted the Union for lack of finances. At a meeting of your Executive in December, it was agreed that it would be necessary to ask for an increased budget for 1948 in order to carry on the activities of the Union in an effective and responsible manner. Before this Congress is over, you will be asked to consider a budget for the year. In order to prepare you for such a discussion, a proposed budget was sent to the provincial secretaries early in January. It was hoped that in this way provincial unions could determine in advance of Congress how far they could go in meeting their share of an increased budget, and delegates could come to Congress prepared to make a fairly definite decision.

We think it proper to mention here a few of the reasons why your Executive have deemed an increased budget to be necessary for 1948.

First, adequate provision should be made for Directors' meetings to take place four times a year, including the meetings at the time of Congress. Second, your Directors should not be asked to forego per diem allowance, as they did at the October and December meetings. Third, it is unwise to curtail necessary visits of your national officers to the provinces. Fourth, additional meetings of Directors, more frequent visits to the provinces, and attendance at some of the larger co-operative meetings, demands an increase in the budget item covering travel. Fifth, your general secretary had to turn down several invitations from United States co-operators to act on committees, to attend and address meetings. The dignity of the Canadian movement and the value of international collaboration is endangered by restricting such activities. Sixth, the staff of the national office includes only three persons—the General Secretary, his assistant, and one stenographer. It is considered that the National Office cannot properly fulfill its duties with such a small staff, and consequently an increase in the allocation for salaries is deemed necessary.

One further reason should perhaps be cited. Under the present arrangement the Union has seldom been able to consider other than day-to-day problems that arise and it has been hard pressed even to do this. A host of jobs are being neglected for want of sufficient personnel and facilities. They include, to mention a few: (a) The preparation of new co-operative publications, magazine articles, etc; (b) national co-ordination and organization in the field of credit, insurance, export services, etc.; (c) establishing better personal relations with Departments of Education, with Church and Labour organizations; (d) conducting research studies, compiling statistics, "Fact Books" and such projects; (e) organizing a co-operative youth movement on a national level; (f) consolidating and improving international relations—keeping other national co-operative unions informed on the Canadian movement—keeping our own members informed of co-op affairs in other countries.



While recommending an increased budget for 1948, your Executive Committee has not been unmindful of the fact that provincial unions have themselves been hard pressed for funds. There is no desire to encroach upon nor limit the necessary services provided by the provincial unions. At the same time, however, it was thought that in view of its responsibilities and the calls that are made upon it, The Co-operative Union of Canada could not adequately fulfill its purposes without additional financial support. We sincerely hope that you will give serious consideration to this matter when it comes before you at the present Congress.

Respectfully submitted,

BOARD OF DIRECTORS.



## *Report On The National Housing Act As It Affects Co-operatives*

One of the greatest difficulties facing co-operatives in the building of low and medium cost housing is that of finance. The National Housing Act has been passed by Parliament to provide assistance in financing low and medium cost houses but it discriminates unfairly against co-operative housing societies by failing to make available to them loans on terms as advantageous as to other types of housing.

The Act is divided into two parts. Part I deals with loans to home owners and provides that a loan may be made jointly by the Central Mortgage and Housing Corporation and a lending institution at an interest rate of  $4\frac{1}{2}\%$  per annum. The maximum loan is usually 90% of the first \$4,000 of lending value and 70% of the excess over \$4,000 and the loan is usually for a period of 20 years. Subject to certain requirements as to maximum selling price of the accommodation and adequate zoning of the area in which it is built, the loan may be made for a period up to 30 years and the maximum amount may be 90% of the first \$6,000 of lending value and 70% of the excess over that amount. Although loans under this Part may be made to "a corporation constituted or incorporated for the purpose of constructing and managing a co-operative housing project," this is construed as referring only to mutually owned apartment projects and not to mutually owned projects consisting of single family dwellings. Also, it is not clear that the higher ratio loan is available even to co-operative apartment projects.

Part II deals with Housing for Rental Purposes and makes very general provision for loans to limited dividend housing companies. These loans are made by the Central Mortgage and Housing Corporation alone (as distinguished from loans under Part I which are made jointly by Central Mortgage and Housing Corporation and an approved lending institution) and may be for 90% of the landing value for a term up to 50 years at 3% per annum. A limited dividend housing company is defined in the Act as "a company incorporated to construct, hold and manage a low rental housing project and the dividends payable by which are limited by the terms of its charter or instrument of incorporation to five per centum or less . . ." Although co-operatives do not ordinarily pay dividends of more than 5% it has been ruled that they cannot qualify for loans under Part II due to the fact that as the loan is paid off the value of the co-operative's equity in the project increases thus indirectly increasing the value of the member's stock so that his return on his investment is more than 5%. Also, it is contended that this section was designed to encourage the construction of rental projects and not projects to be owned by the occupants; and that loans for the latter are available under Part I.



Apparently it is the policy of the Government not to lend money to co-operatives under Part II and the argument that the increase in equity when the loan is paid off has the effect of increasing the dividend rate is used merely as an attempt to justify the policy. Actually the argument proves nothing for in all cases of loans to limited dividend housing companies, whether co-operative or not, the equity in the building increases as the loan is paid off out of income, thus increasing the value of the stock in the company. The only way in which the loan can be paid off is out of income and when it is paid off the Company owns the buildings, thus increasing its stock value. To be consistent, therefore, the Government should refuse to make any loans under Part II instead of discriminating against co-operatives. Actually, there is no restriction in the Act as to increase in stock values. All that is required is that the dividend shall not exceed 5%.

One of the most pressing needs of this country, acknowledged by all who are familiar with the facts, is an abundance of adequate housing of all kinds at prices people in the low and medium income groups can afford. Houses being built at the present time do not meet these needs because the prices are too high, the down payment too much and the carrying charges more than most of the people who need the houses can afford. These high prices are due not only to abnormally high profits for the builders but partly to the speculation that goes on in land values particularly in or near the larger cities. The most effective way of bringing prices to a more reasonable level is by co-operative building by the people who are to buy and live in the houses.

The chief reason this cannot be done in the low cost field is because of the lack of any provision for adequate financing. The people who need the housing most simply cannot pay 5% or 4½% interest and put up the large cash payments required under present day conditions. If government aid for more advantageous financing is to be made available to insurance companies to build homes for rental purposes only, there is no sound reason why such aid should not also be made available to co-operatives so that they can make their proper contribution to the solution of the housing problem. At present this is being denied merely because in a co-operative project the occupant after paying rent for a number of years owns his home while in other projects after paying the same rent for the same period of time he is no closer to ownership than when he moved in.

At the 1947 Congress of the Co-operative Union of Canada, the Union was instructed to make representations to the Government to have this discrimination removed. Nothing came of our requests and a similar motion should be passed this year in an effort to have the condition remedied.

All of which is respectfully submitted.

L. W. MITCHELL.



## *Report Of Committee Respecting The Advantages And Disadvantages Of A Dominion Co-operative Act*

At the Congress of the Co-operative Union of Canada held at Winnipeg, November 26th-28th, 1945, the following resolution was passed:

"That the Co-operative Union of Canada seek legislation for the enactment of a Dominion Co-operative Act, and that such Act should limit its incorporations to co-operative associations and co-operative credit associations federated on an interprovincial basis."

This matter was referred to a committee which was asked to consider what provisions a Dominion Co-operative Act, if enacted, should contain, and report to the 1947 Congress. This report recommended the inclusion of fifteen provisions in any Dominion Co-operative Act which might be passed. A debate which took place at Congress following the presentation of the report dealt perhaps more with the advisability of having a Dominion Co-operative Act at all than with the matters on which the committee was instructed to report. After discussion the following motion was carried:

"That the report be referred back to the Board of Directors and that the Board be requested, through the Committee, to state their recommendation to the next Congress whether or not they think a Dominion Co-operative Act necessary."

A meeting of the committee, also attended by Mr. A. B. MacDonald, General Secretary of the Co-operative Union of Canada, was held at Regina in November, 1947, at the same time as the western tax conference. It appeared to the committee that there are several obstacles in the way of co-operatives obtaining satisfactory incorporation under the provisions of the present Dominion Companies Act including the following:

1. As co-operatives in practice desire to keep the ownership, represented by shares in the hands of customers to whom patronage dividends are paid, it is obvious that when customers withdraw through death or removal and new customers join the co-operative it is necessary that the co-operative should have power to buy its own shares. This provision is found in almost every co-operative act or charter but is not permitted under the Dominion Companies Act. Such power is essential for a co-operative.



2. In a co-operative, which is, of course, owned and controlled by its members, it is necessary, where a large area is served, that the control should be through delegates. The Dominion Companies Act provides only for delegate control where all the members of the co-operative are corporations, but officials of the Department of the Secretary of State have ruled that a Dominion company cannot at present be controlled by delegates appointed or elected by individual members. This feature is very important and is essential for any co-operative requiring incorporation on a Dominion basis.

3. The principle of one member one vote is not consistent with the joint stock method of control contemplated by the present Dominion Companies Act. Such an important principle should be set forth in any statute which applies to a co-operative. A prohibition against proxy voting would also be desirable.

4. The term of a director in the Act is limited to two years and this is not regarded as sufficiently long by some co-operatives.

5. In the case of a co-operative of which the members are all corporations, the directors of the co-operative must be either directors or officers of the member corporation. In the case of co-operatives this unduly limits the persons who can be called into service as directors.

6. Under the Dominion Companies Act a public company is required to send fairly complete financial and auditors' statements to all shareholders prior to the annual meeting. Where a co-operative has thousands of members this is not feasible, and insofar as co-operatives are concerned these requirements should be modified.

7. Apart from incorporations under Part II, which are limited in their objects to charitable and similar organizations, all incorporations must be on a share capital basis. Many commercial co-operatives are, however, organized on a non-share basis and such a provision would be desirable in the Dominion Companies Act.

8. Although it has been possible to devise a scheme within the scope of the Dominion Companies Act to pay patronage dividends, it would be desirable, in any special sections dealing with co-operatives, to provide for the patronage dividend feature and also limit the interest or dividends which could be paid on shares.

9. Although it is realized that the officials who have been administering the Dominion Companies Act have been very careful in not permitting the use of the words "co-operative" or "pool" unless those desiring to use these names were *bona fide* in their intentions nevertheless it might be an additional safeguard for the future if the use of these words as part of the name could be specifically restricted by Dominion legislation.

10. In a number of provincial acts a specific provision whereby the bylaws bind the members in the same manner as if they had actually signed the application for incorporation has been inserted and it would be desirable to have a similar provision in Dominion legislation.



11. In the provincial statutes the cost of incorporating co-operatives is very much less than the cost of incorporating joint stock companies. For instance, the fee in Saskatchewan is \$4.50 for a co-operative and a minimum of \$40.00 for a joint stock company. This has no doubt been provided in order to encourage the formation of co-operatives. The Dominion legislation or regulations should provide for a special tariff for co-operatives.

In the committee's view the foregoing disadvantages could be overcome by a new Dominion Act providing for the incorporation of co-operatives or possibly by having a special part inserted in the present Dominion Companies Act.

The disadvantages of incorporation of co-operatives under a Dominion Co-operative Act include the following:

1. It would not be as convenient as the officials in charge of incorporations and supervision would not be as accessible for consultation and advice.

2. Officials in charge of incorporations would have more difficulty in passing on the propriety of the incorporation as they would in most cases be far removed from the community or province in which the co-operative would operate.

3. The expense would probably be greater.

4. Lack of flexibility. It will be recalled that when an attempt was made to get uniformity of provincial co-operative legislation it was found that certain features were considered desirable in some provinces and not in another. Unless done through bylaws it would be difficult to obtain flexibility in a Dominion Act and probably more difficult to get amendments.

The problem of including specific provisions in the Dominion Companies Act for the incorporation of co-operatives was raised at Ottawa on November 27th when a conference on Company law was held at which there were representatives of all the provincial governments and of the Dominion government. It is anticipated that another conference of government representatives will be held in the late Spring of 1948 when further consideration will be given to the problem of incorporating co-operatives by Dominion law.

It is often a question of policy as to whether in any particular case a Dominion incorporation is desirable. Experience indicates that if a co-operative is engaged in importing or exporting and operates in a number of provinces it is desirable for legal and sometimes psychological reasons to have a Dominion incorporation.

After considering the advantages and disadvantages the committee recommends that, subject to proper safeguards, Dominion legislation be sought under which proposed co-operatives, which would have to operate on an inter-provincial basis and which would, therefore, find provincial laws inadequate, can be incorporated.



## *Report Of The National Co-operative Credit Committee*

The Canadian Co-operative Congress held in Toronto, March 25-27, 1947, discussing co-operative financing in general and approving of the principle and desirability of a National Co-operative Credit organization, passed the following resolution:

RESOLVED that the Board of Directors be requested to set up a Committee in the immediate future, in collaboration with the Dominion and Provincial organizations of the Credit Unions and Co-operative Credit Societies, to study the possibility of organizing a national co-operative financial institution.

Acting on this instruction, the Board of the Co-operative Union of Canada appointed a Committee representative of all Provinces, and experienced in Credit Union and Co-operative Credit operation and practice.

The terms of reference for the guidance of the Committee were as follows

"That this committee will make a survey of how provincial co-operative credit societies operate in Canada, endeavor to secure uniform legislation controlling such societies, and take steps to promote uniform practices among all provincial credit societies with a view to preparing the way for a National Co-operative Credit Organization."

This committee has interpreted these terms of reference to mean that a survey should be taken and data collected relevant to securing uniform Provincial legislation, and promoting standard practices amongst the various Co-operative Credit Organizations throughout Canada.

Due to various reasons only the Western section of the Committee has been able to meet. This section met in Calgary, Jan. 17, 1948, and herewith submits for your perusal, a memorandum re existing Provincial Co-operative Credit Organizations. (See Appendix.)

A general report of the results of the discussions of the Committee will be submitted to the Annual Congress of The Co-operative Union of Canada in Saskatoon, March 9, 10, 11, 1948.

Based on its studies thus far, this Committee believes that further investigation is necessary and must be followed by intensive study of the relative efficacy of legislation and techniques as they exist in the Dominion. Then and then only, can a National Credit organization be considered in concrete form.

T. KOBER,  
*Chairman.*



# *Preliminary Report On A Standard English Terminology Suggested For Use By Co-operatives*

- I. INTRODUCTION
- II. GENERAL CONSIDERATIONS
- III. GENERAL OBJECTIVES
- IV. SOME EXAMPLES
- V. CONCLUSIONS AND RECOMMENDATIONS

## I. INTRODUCTION

1. "Terminology" means the definition of technical or special expressions or language used in science, art, business, and other well-defined groupings.

"Dictionary" means a book containing all or the principal words in a language usually arranged in alphabetical order.

2. The problem set out therefore is one of developing a Co-operative Terminology Dictionary in English for use by co-operators. It is not an easy one particularly if we intend to try to present only one word or "group of words" to indicate each meaning as a part of our terminology. When we consider the advantages of standardization not only for use within our own country but by English-speaking co-operators everywhere it would appear worth while to study carefully the possibility of such standardization. As always in co-operative development if there is no need there should be no development of standards or special tools for conveying ideas.

In introducing this subject for discussion one should note the definition of terminology which draws attention to the fact that we are concerned only with special English expressions and language which we wish to use with a distinct meaning and that we are not concerned with words of a general nature adequately defined by general dictionaries and free use. Expressions included should relate to and distinguish co-operative motives and methods of conducting or developing enterprise.

3. The Co-operative League of the United States has also drawn attention to the relativity of feeling and meaning in the use of words and has stated this in the following words:

"The most important fact about such words as 'capitalism', 'free enterprise', and 'communism' is not the dictionary defi-



dition but the way people feel about such words. That is why it is important that co-operators should use such words with extreme care."

Many of the basic words relating to our co-operative development such as "co-operate", "share" and "equity" are often used in every day discussion in a manner that may become confusing and we can expect that except for protected or patented terms which co-operatives may place in their dictionary, that some persons will attempt to abuse the use of the same.

## II. GENERAL CONSIDERATIONS

4. In order that we may approach the subject on the broadest possible level it becomes necessary to decide:

- (a) Whether or not we should strive to have any term, which merits inclusion in our dictionary, meet with general acceptance in all types of producer and consumer co-operatives, whether they are organized for production, marketing, purchasing or other service purposes.
- (b) Should we include in our dictionary words used in a limited way by other forms of business or enterprise when such words are used with a similar meaning by co-operative enterprise or should we exclude such terms by narrowly defining "special expressions."
- (c) Should we attempt before introducing a word into our dictionary to get general acceptance of it by co-operative organizations in all provinces of Canada and in all English speaking countries. If not, how many organizations in different provinces and countries should agree before a term merits inclusion.
- (d) Should we have more than one term since educational, laymen, and membership groups may prefer in some cases to use words such as "divi," "revolving door," or "co-op" rather than the more accurate legal and accounting terms.

Basic considerations such as these should be answered in a manner that will fulfill our objectives to the greatest degree before we start establishing our Co-operative Terminology Dictionary.

## III. GENERAL OBJECTIVES

5. Standardization or a dictionary of co-operative terms will prove most satisfactory if there is wide and general acceptance of the terms included. English terms appropriate for co-operative use which may be similar to terms used in other types of enterprise should therefore be examined and where possible adopted. Care should be taken, however, not to use a well established term in a different way in co-operative terminology. It is better to find a new name if the well-established term does not satisfactorily describe the co-operative need. A good example of such



a term is the word "share" as used by credit unions. This has caused a great deal of confusion in wartime government orders and elsewhere since, except for the membership share, a credit union share has characteristics more like a "savings deposit" in a bank than a share in a joint stock company. There may be some commonly used words however which should be given special significance when used by co-operatives. The words "co-operate," "co-operation" and "co-operative" are examples which have for their dictionary meaning "working or laboring together to produce or attain certain ends." These ends in the case of co-operative enterprise should be reached through the use of co-operative principles.

6. Simplicity through the use of words descriptive of the action, procedure or form to be named should be among the aims of development of a co-operative terminology.

7. Flexibility through wide discussion and study of words used should be attempted rather than through the use of a multiplicity of terms with similar meanings. In other words when a term becomes accepted for the co-operative dictionary it should have received wide acceptance but should not necessarily be permanent until it has been tested for some years and proves that it lends itself to use in all the varied types and forms of co-operative activity. Some words which have a comparatively local usage at the present time may receive wide acclaim if given a wider coverage and discussion, and therefore might merit placement in the dictionary either as a replacement or as an additional word.

8. Those in charge of preparation of the dictionary should strive for inclusion of only those words which give life to co-operative ideas and principles as generally accepted. This will mean that similar to one of the principles of all co-operative enterprise, namely "high quality of service," co-operative terminology should be of a similar quality.

9. The dictionary should indicate ample study and consideration to words "of the street," "of the profession," and "various groups whose use of words may vary as individuals but who are brought together in co-operatives."

#### IV. SOME EXAMPLES OF TERMINOLOGY TO BE CONSIDERED

##### 10. member—shareholder—stockholder—patron.

One who has the right to an equal voice in the control of a co-operative with all others who may have this right.

"Member" is now being used fairly widely and is confused only by the use of words like "associate" or "non-voting" as a qualifying adjective in some cases.

"Shareholder" have been widely used largely as a carryover from ordinary company law but also because a large number of co-operatives use not only a membership share as the basis for determining the right to a voice in control but obtain a substantial portion of their capital through



issuing further shares to those who have qualified for membership. "Share" is a basic co-operative word when used as a verb meaning "use with others." On the other hand through usage in ordinary company law shareholder has come to mean one who has votes in the control of a company in proportion to the shares he owns. This condition does not hold in a co-operative.

"Stockholder" has not been widely used by co-operatives because it gives emphasis to the control of investments or stock rather than to a voice in control equally with others who use or patronize the business.

"Patron" is used widely by co-operatives but not for the purpose of indicating membership or control, rather to indicate trade with or use of the co-operative. Some suggest that all regular patrons should have an equal voice in control of the co-operative, whether or not they fulfill other legal formalities of membership. On the other hand, co-operative membership may have some legal or other reason for rejecting a patron as a satisfactory member.

"Member" would seem therefore to receive a preference on the face of the facts available with the suggestion that insofar as possible co-operatives cease to qualify its meaning in a way which will take away its principal distinction of "a co-operator with equal rights of control with all other members."

11. Another set of terms which should be considered mainly for legal purposes in order to describe a group with common aims of service to its members, and usually used in naming a co-operative includes company, association, society, exchange, union.

Dictionary meanings for these words all indicate among others that they are representative of a group of people associated together for a purpose. A co-operative certainly should fulfill such a definition. In general usage, however, co-operative leaders in Canada and United States have tended to favor "association" while in Britain and some other countries "society" seems to meet with more general favor. In Saskatchewan legislation is now being amended to do away with requirements for using anything but the word "co-operative" in the name. Whether or not this will meet with general approval across Canada and elsewhere will take time to decide, but for our dictionary purposes it would appear desirable to either omit any word or include for use as required the words "association" or "society."

"Co-partnership" meaning "the state of being associated with others in business" is another word which has been receiving considerable use in England when a co-operative is organized to market labor services. However to date the development of this type of co-operative in Canada has not been extensive and for the time being it may be well to await further development.

12 Profit — margin — gain — savings — surplus — income — return — earnings.



These accounting terms designed to indicate the difference between the total income or revenue received by the co-operative either as agent or as a corporate entity with income in its own right, have caused many headaches to those who wish to standardize co-operative terminology. Usually the words "gross" and "net" are included to distinguish between, the income available after the "cost of acquisition" of the good or service, and the income available after both "cost of acquisition" and "operating expenses" have been deducted.

In Britain the word "profit" is used much the same in co-operatives as in ordinary business. In the United States the words "margin" and "savings" seem to have a preference. In Canada we have tended to mix up the use of these words with "surplus" probably receiving more use than others although the word "income" has received a preference in certain places.

At this time it is recommended that this group of words should be referred back to a continuing committee for further study although there is practically unanimity on the use of the word "loss" for the opposite result, that is when there is no surplus, gain, etc. Surplus would appear to have some preference if it did not have a special significance among many accountants as a balance sheet item rather than an operating statement item. Income is not satisfactory to those who operate as agencies since they consider any income which may result from their operations as income for the patron and not income for the co-operative entity.

13. Patronage dividend—patronage savings return—patronage refund—patronage rebate—return of excess charges—stock dividend.

These and other words are used to describe the distribution in proportion to patronage of surplus available for distribution after the payment of all outstanding costs and operating expenses.

"Patronage dividend" and "patronage refund" are probably used to a greater extent than any of the others listed here. In Britain "patronage refund" is little used but the Co-operative League of the United States and a number of co-operative organizations in Canada have gone on record as in favor of the use of "patronage refund," particularly with reference to purchasing associations. The problem with the use of the word "dividend" is that in ordinary joint stock company terminology it has a recognized meaning as profits distributed in accordance with investment interest in a business. Therefore when used in co-operatives it depends on the qualifying word "patronage" to give it the meaning intended. The word "refund" is particularly descriptive when there has been an over-charge to a purchaser or an excessive deduction from a producer marketing produce but does not fit so well when the surplus distributed results from the receipt of extra proceeds of sales, from extra returns available for distribution to labour, or from the receipt of other income. It may be, however, that these special dividends or returns should have a separate title such as "sales patronage dividends," "labour dividends," and "surplus dividends to patrons."



It is suggested that "patronage refunds" might be included in our dictionary and that further study should be given to the inclusion of "patronage dividend" for limited use either alone or with a further qualifying adjective.

14. Deferred patronage refunds — borrowed patronage refunds — revolving fund—revolving door fund.

Here we have further qualifying adjectives used and while the layman has popularized the words revolving and revolving door fund, it might be more correct to stay with the words "deferred" or "borrowed patronage refunds."

Without discussing this item at too great length it is suggested that "borrowed" may give a truer description than "deferred" although at the present time "deferred" is probably more widely used. "Deferred" does not indicate satisfactorily that the amount involved is a liability of the co-operative to the member.

15. "Members' equities"—There is no term synonymous with this in ordinary business but there is the question of whether or not this term should be used by co-operatives to include what would be commonly known in the balance sheet of ordinary business as "net worth," a portion of fixed or long term liabilities and probably a portion of current liabilities. Most of those using this term in co-operative accounting in Canada and the United States at the present time, include all long term liabilities to members and the net worth or ownership interest of members.

For purposes of this report it is suggested that those using this term should set out clearly those portions of the members' equities which are liabilities to members either short or long term and that portion which is similar to net worth in the ordinary business. One problem arises in co-operatives, in that a co-operative can repurchase shares in most provinces of Canada, giving shares some characteristics similar to a liability whereas in the ordinary company this is seldom possible once shares are issued. Usually, however, in co-operative law there is some minimum amount of share capital or membership fees required so that shares are not quite the same as loans from members.

16. User—consumer—patron—customer.

These words are used to indicate those who regularly use the services of the co-operative, and usually indicate those who may become members.

"User" probably describes the function as well as any although it is probably not too common an English word or at least is not used to any great extent.

"Consumer" is too limited in its scope since in this country a large number of our co-operatives relate to marketing and production of goods and services rather than to consumption.



"Patron" is a very good word and satisfactory to all sections and types of co-operative development. It has disadvantages in that it has been given a special legal definition in some provinces and in some places has been used on a comparative basis with "member" or "shareholder."

"Customer" is probably too broad a word and would include incidental users as well as regular users of the co-operative.

It is recommended that "patron" should receive consideration for a place in our dictionary for this purpose.

17. These examples have been chosen in order to give some indication of the problems from a legal, accounting and general membership and economic point of view. If recommendations made can be accepted it would indicate that some progress can be made towards standardizing the use of one or two terms for a similar meaning in our dictionary.

## V. CONCLUSIONS AND RECOMMENDATIONS

18. From the standpoint of simplicity, uniformity and co-operation on a world wide scale it would seem desirable to strive towards a common English co-operative terminology in order that co-operators may speak about the same things in similar language, with identical meaning.

19. It is suggested that the Co-operative Congress of Canada meeting in Toronto in 1948 should discuss the scope or breadth of acceptance of terms that might be included in an English Co-operative Terminology Dictionary. Also they should discuss the desirability of limiting terms appearing in such a dictionary to those which may be peculiar or have special significance to co-operative activities.

20. It is suggested that the Co-operative Congress of Canada, at the general meeting in 1948 approve or direct their Board or Executive to set up a *continuing representative committee* on terminology to report back to each Congress held thereafter. Such a committee should clear any terms which may be recommended in this report through official co-operative agencies in all provinces of Canada and in other English-speaking countries in the interim in order that a start may be made on a Co-operative Terminology Dictionary in 1948. In addition some new terms should be added and cleared if possible before the 1949 meeting.

21. That any Co-operative Terminology Dictionary make provision for an appendix or section dealing with all terms which may have been used to describe a certain co-operative feature in the past, and give reasons for committee accepting or discarding, delaying acceptance or delaying the discard of any such terms in the dictionary proper. In this way local co-operators may have sufficient knowledge to comment and helpfully criticize or commend the work of those in charge of the compilation of the dictionary.

22. That the Board of Directors or the committee prepare a recommendation for consideration of the next Congress as to a method of getting as widespread use of the terms adopted as possible.

*Prepared by:  
Research Services Department of Co-operation,  
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## *Civil Liberties* *And The Co-operative Movement*

BY GEORGE BOYLE\*

A co-operative field-worker wanted to hold a meeting in a certain rural community. The date had been agreed upon by all who were interested in coming. The only detail was getting the use of the hall.

The man in charge of the hall was an employee of one of the local business concerns. An excuse was found not to let the hall on the night that co-operators wanted it. That is the well-known tactic of keeping the people from meeting.

In another village, a field-worker was warned that if a meeting were held they'd be sorry for it. He went ahead anyhow, had the meeting. But when he came out to drive home he found that the four tires on his car had been punctured.

Again the well-known tactic of denying the people the right of assembly had been tried.

### **The Right of Assembly**

I cite these as homely examples of interference with a civil liberty—the right of assembly. No individual can take away this or any other civil liberty, but an individual can engage in obstruction and petty interference. Our civil liberties have been hard-won from far back in history; many a man gave his life to the winning and it is up to us to know what they are and to prize them dearly. For civil liberties and the rights which issue from these liberties apply not only in the non-economic aspects of citizenship, but have a bearing on the economic aspect as well. In fact, it is the use of civil liberties that enables co-operative institutions to arise and grow. And it is the non-use of civil liberties by the people at large which, in the past, has left them without any say in the control of the wealth and thrift which they create. A few in-the-know have used the civil liberty of assembly, of meeting, forming associations and conducting businesses, and have come, thereby, easily to have great power.

### **Applied in Business**

The rank and file did not know what liberties were guaranteed in a Democracy, were unorganized, and failed to realize their power. It is interesting now to note that those very liberties which are at the root of co-operative birth and development are either stated or implicit in the constitutions of the Democracies: the right to hold meetings and form associations, freedom of speech, freedom of worship or, in co-operative

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parlance, religious neutrality; the right to hold property, individually or collectively, and to be secure in the possession thereof; racial equality observed in the Open Membership principle laid down by the Rochdale Pioneers, are all parts.

Open Membership also means voluntary membership. In this principle the co-operative movement affirms its voluntary character. Voluntarism may, in some cases, seem a weakness, but in the long run its wisdom will stand forth. Voluntarism recognizes completely the liberties of the individual.

A right is never so precious to us as when it is being challenged. That truth holds in the case of civil liberties today. We need to know our civil liberties and how they tie into the economic life; we need to know our constitutional rights so as to be able to utilize them for social justice and defend them when they are threatened. If the war has not served to show us what the totalitarian state is, its main lesson will have been lost. We have seen totalitarianism in action among our enemies in full-scale suppression of civil liberties—and we have no surety that there is complete absence of similar desire among our own. Back in the “hungry thirties” it used often to be said in co-op promotional work that “we can’t have political democracy without economic democracy.” That’s still true and we don’t intend to unsay any of that. But it is also true that we can’t have economic democracy without the Bill of Rights and an understanding of those inalienable rights of the human person that are at the bottom of the democratic state.

### **Liberty Under the Law**

Ownership of real property and participation in the economic processes by the people are fundamentals in a good society. These are economic rights, not just privileges to be given to some. Without that right to own property a man cannot be really free and stand on his own feet. He cannot be an independent citizen, able to speak out in the interest of truth. And this right is derived from the concept of the dignity of the human person—a dignity which finds expression in the civil liberties with which Christian teaching has suffused the politics of the Western World.

Every year the co-operators of Canada meet in the annual Congress to review their operations. It is always a story of growth. Each year more co-operative stores are formed. Co-operative wholesales expand their businesses, and put in the new facilities that are needed. New communities, up against some long felt need, discover that that need can be met by the organization of a co-operative service. The possible variety of co-operative service organization is enormous. All the way from house-building to baby-sitting. There is hardly a human need—when it is felt by any considerable number of people—that may be excluded from the future path of Co-operation. At its best, local mutual aid among neighbors is a limitless field; and we may note in passing that local mutual aid is far older than the State.



People—neighbors got together, migrated, cleared land, built houses, assisted their sick and buried their dead, long before the State (as we know it) was thought of. It was a thing of the spirit and if the organization was often informal it was nevertheless effective. Producer groups have experimented and tested to themselves the advantages of Co-operation. Even old-line businesses, set up as joint stock companies in the past, are in a few cases studying the possibilities of conversion to the co-operative form. Yes, in practically all fields the co-operative record is one of business expansion. It is safe to say that, taking the country as a whole, Co-operation cannot be defeated on business ground. If it gets a set-back in one area it bursts out stronger in another. But, co-operators, let us not forget that it could be defeated by suppression of civil liberties and in that way cut off from the conditions of its birth and growth.

### **The Gateways to Reform**

Civil liberties are the gateways to economic reform. Let us see to it that they are kept open. It is upon civil rights that is based a citizen's right to own property, and if we study to acquire a clear concept of our civil rights under the Constitution we shall have a better knowledge of our property rights, their limitations and obligations.

It would seem that the time is here when we should strive to get a clearer idea of what private property is. Has one man, or a small group of men any right to own a great deal of property and large numbers of men own none? No. Actually, that could be the deprivation of rights to the many. The true meaning of private property is private properties, *plural*. It is a concept that is not complete and valid without the element of distribution.

Canada has not a written Constitution that you can copy down in so many words and ask the people to study. The British North America Act is known to exist by most Canadians though their knowledge of it is remote—and the interpretations of it lie with the judicial committee of the British Privy Council. But quite apart from that, Canadians enjoy a full civil liberty, recognized as such abroad and intensively coveted by many of the oppressed peoples of the earth. These liberties inhere in the tradition of our laws and some of them have already been stated in various Acts of the British Parliament.

### **It Took Centuries to Win Them**

Let us look briefly at the history of the evolution of our civil liberties. It will be good for us to recall that what we today take for granted had painful origins. It took our forefathers hundreds of years to win them. Back in 1215 at Runnymede, the barons who represented *local* government of a sort, forced King John to sign the Magna Charta. This became the foundation of the personal liberties of the people. It restrained the absolute power of the king (that same absolute power which we see today



being assumed by the heads of totalitarian states). It restricted the power of sheriffs and others officers of the Crown, and gave an accused person the right to be tried by a jury of his peers.

It is interesting to note that in the war that followed between the barons and King John, the barons were assisted by the King of France. The French people have had a long historical association with the fabric of civil liberties as these came to be woven through the centuries, leading up to the doctrines of liberty, equality and fraternity which came to be proclaimed at the time of the French Revolution—a development which influenced the United States of America and the formation of what came to be known as the American Constitution. Here in Canada, there was the Quebec Act which guaranteed freedom of language and religion to the French-speaking population. I cite these as interesting examples from the past of a creative partnership in the spirit of liberty that has existed between the best elements in the English and French-speaking peoples.

### **In All Lands**

And these were not the only two. As an Irish-Canadian, I would not be far out in saying that the road to liberty was paved with the bodies of dead Irishmen—if I followed my grandfather's view of history. Actually, the struggle was localized in every country in some form or other, though it was the same underneath. Most of the bloody wars that were fought out in Ireland, Scotland, France and in England herself, such as the civil war in the time of Cromwell, were really started over what we could term the violation of civil liberties and rights.

Canadians of today are, for the most part, the descendants of these people.

Why shouldn't we cherish the civil liberties which they gave their lives to win, each in his own corner?

### **Space and Liberty**

No one can blame us if we remember the past and smell back into history, not in any spirit of dissension, or morbid brooding on old feuds. Oh, no! there has already been much too much of that in the world, but merely to realize what stature of citizenship our ancestors won for us and to cherish it!

More than that. We shall find in that splendid inheritance of civil liberties the talisman of a new unity of all the races that now are here and all of those that are still to come, and want to come—from those areas of the earth where Government has become the enemy of human freedom. For we have inherited, not only the liberties, but also the land-space of this vast Dominion. Liberty and Land-space! From sea to sea!

Living-space and liberty. The words are almost sacred today. They go together. And how happy should be the people who have them!



We can take a lesson too, from the misfortunes of the old world and not let the psychological estrangements between races rise into harmful frictions. There is no such thing as racial superiority; Christianity has always taught that; and science has only lately confirmed it on a material level, in terms of blood and brain tissue. Here in the area of Canada, English and French, Irish and Scottish, Lithuanian and Pole, German and Italian and the others can all unite in the common tasks of their livelihoods in enjoyment of their civil liberties and in the upbuilding of free economic institutions—free from capitalist avarice and from political dictation.

### **Habeas Corpus**

From Runnymede—to pick up again the thread of history—to Habeas Corpus, passed by the English Parliament in 1679, it was all being mooted, debated and fought out. Over 400 years. People who opposed the mis-rule of absolute monarchs in those days would be arrested, thrown in jail, even executed without fair trial. They were presumed to be guilty if they spoke out against those who monopolized the powers of the State. (We have seen this same tyrant-custom rising ruthlessly from the East and spreading steadily since World War I). The fact that it is done in the name of social and economic reform makes it sugar-coated, but none the less vicious.

The spirit of Habeas Corpus is that no man may be presumed guilty until so proven in a court of law. It provided that any person, arrested for alleged crime, who complained of his arrest, must be brought before a judge within 20 days of his complaint, and discharged on giving proper security to appear in due course for trial.

Persons accused of treason were not to be entitled to bail. The reasons for this, especially in time of war, are easy to see, and in truth, the opening to possible abuses equally obvious.

Habeas Corpus is the very foundation of our civil liberties. If it goes all else may go. We take it for granted. But one may be surprised to know that it is suspended in over half of the countries of the world.

### **A Bill of Rights**

Ten years later, in 1689, A Bill of Rights was won by an Act of the English Parliament. Its main provisions were that elections must be free and Parliaments held frequently, and that the King is not outside the law and cannot levy taxes or keep an army without consent of Parliament.

If we pass now by 100 years we come to the time when the American Constitution has been written, adopted, and was already beginning to arouse the admiration of the oppressed peoples. It had gathered together most of the political wisdom that had been tested in fire and blood through the preceding 500 years. It was really a summary of tested recipes fought for by the representatives of the common people of the English speaking and French speaking nations. And its foremost exponents were the emigrants and their sons who settled in Virginia, Maryland, and the New England colonies.



These concepts, Thomas Jefferson, the great Virginian, reviewed in the following words:

"The God who gave us life, gave us liberty at the same time."

... "Freedom of religion; freedom of the press; freedom of person under the protection of the Habeas Corpus; and trial by juries impartially selected—these principles form the bright constellation which has gone before us, and guided our steps . . ."

"We hold these truths to be self-evident—that all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty and the pursuit of happiness."

### **The Right of Association**

The Constitution of the United States, as originally submitted, had no code of civil liberties expressly stated. But they were soon provided in the form of amendments. They were to make certain that the liberties of the individual as against the State were recognized and also to make sure that the powers not expressly conferred upon the national government should be retained by the people and by the states. These were the first ten amendments to the Constitution and they were enacted by the first Congress and submitted to the States.

They provided: freedom of religious worship, freedom of speech and *assembly* (for meeting) and to petition the government for redress of grievances, habeas corpus (fair and speedy trial), and in Article Four the right of the people to be secure in "Their persons, houses, papers and effects against unreasonable searches and seizures . . . and no warrants shall issue, but upon probable cause, supported by oath of affirmation."

And what is very important today, in view of the rise of totalitarian government, was the provision of Article X of the Amendments which said that powers not delegated to the Federal Government were reserved to the states, or to the people.

This is known as the Bill of Rights.

Unfortunately, equality and the safeguards of the Bill of Rights were not inviolable . . . There was, for one example, the outstanding case of the Negro.

A flood-tide in the age-old struggle for liberty came in the United States with Abraham Lincoln and the Civil War. A nation couldn't exist half-slave, half-free, as Lincoln said. He destroyed chattel slavery as an institution from the face of the earth; and the 13th amendment to the Constitution was enacted outlawing it forever.

Shortly before he was assassinated, Lincoln saw a new evil rising and to him is attributed this warning:

*"I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. As a result of the war, corporations have been enthroned, and an era of corruption in high places will follow . . . I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war."*



### The Capitalist Corporacy

What Lincoln was then fore-seeing was the rise of the capitalist corporacy; the joint stock company of limited liability was beginning to rise, bringing investment capital to exploit the increasing mechanical inventions in the factory system. (The Limited Liability Act of Great Britain was passed in 1858; a crisis broke in England in 1866.) Lincoln fore-knew that the right of association for economic ends would now be used by the few in the know for their own profit regardless of the common good. Those outside the corporate fortresses within the economy—that is the great masses—would be at a disadvantage indeed.

And so it came to pass. By 1891, the social-minded Pope Leo XIII was strongly moved over the condition of the working masses. He spoke—and in no uncertain terms. *Rerum Novarum*, besides defending the right of private and family property, rightly understood, elaborated the right of workingmen to organize for corporate action. He said with force and clarity that workingmen were free to form associations of their own. Describing mutual aid societies of the past, he wrote:

*"Such associations should be adapted to the requirements of the age in which we live . . . The most important of all are Workmen's Associations; for these virtually include all the rest." . . . "Particular societies, then, although they exist within the State and are each a part of the State, nevertheless cannot be prohibited by the State absolutely and as such. For to enter into a 'society' of this kind is a natural right of man; and the State must protect natural rights, not destroy them."*

Associations may only be prohibited when the ends are known to be unjust, or dangerous to the State.

### Labor Unions

Though Leo XIII was far ahead of many of his followers, the *Rerum Novarum* gave vast moral support to the formation of labor unions. But it is only in the past few years that labor union leaders have begun to give attention to the utilizing of a wider and more fruitful aspect of their liberties, namely, the building through co-operation of institutions of real ownership.

The right of assembly also contains implicitly the right of associations, that is, the right of the people to set up associations, such as co-operatives, a right which, though well understood, in relation to civil, religious and cultural organizations by the people at large, has only within the last 100 years begun to be extended into the economic field. In short, the people had a right guaranteed by the democratic conscience but not used. Now it bids fair to bud forth in the world co-operative movement. That marches extremely well with the full meaning of civil liberties. In co-ops the people form corporate bodies. A corporate body is a legal entity having privileges and obligations and capable of possessing assets separate and distinct from those of the individuals which make up the body. The common people can thus marshall a great force to weigh against the anti-social accumulations of vast wealth in the hands of a few.



### Applied to Business

And this brings us to the nub of the whole present-day economic question—which in every country is producing social and political tensions, if not actual upheavals. Co-ops have pioneered the application of civil liberties to the economic sphere. The Rochdale Pioneers apparently understood it when they laid down the Open Membership, the political and religious neutrality principles, protesting discrimination on grounds of race, color, creed or party affiliation. *One man one vote* is another recognition of a personal right as above money, and the refunding of earnings sets up a distributive process which in the long run, tends to clothe with real substance the meaning of civil liberty.

### Pioneer Thought

It may be useful to recall that the early pioneers regarded the neutrality principle seriously. They re-affirmed it at the third Co-operative Congress in London in 1832, apparently after some deviations from the principle had produced harmful results. Another indication of the direction of the thinking of the early founders may be seen from the following extract of a resolution adopted at the same Congress:

*"Let it be understood universally that the grand ultimate object of all co-operative societies, whether engaged in trading, manufacturing or agricultural pursuits, is community on land."*—*The Interpreter*, January 1, 1948.

"The grand ultimate object of co-operative societies is community on land." That's worth repeating!

Is this "grand ultimate object" being achieved by the latter-day great commercial developments of the British Co-operative Movement? Or is it that the versatile and creative thought of those early leaders has been sucked up in the successive tasks of modern civilization?

### The Linch-Pin

There is nothing in civil liberties themselves (to return to our theme) to ensure that the common people will be free from economic exploitation. Nor is there anything in them which says the people need be exploited. Civil liberties have been, as it were, neutral in the economic sphere. And, why? Because there was no educational program for co-operative economic action by the people.

There was no direct connecting link between civil liberties and a dynamic movement for economic justice.

It is the job of the co-ops to put in that linch-pin.

The right of assembly and association is there. Use it.

### The Four Freedoms

The need for an economic Bill of Rights was obviously in the minds of the framers of the Atlantic Charter. They re-affirmed the freedoms of religious worship and speech, and added freedom from Want and from



Fear as objectives of our age. The Atlantic Charter brings us up to date on that long line of documents, which, all the way from Magna Charta in 1215, define the liberties and set forth the aims of the Western World.

To be free of Want is a strong motive. Some persons are willing to give up liberty for the sake of security. Kept people. I do not believe this is the spirit of the North American people. They are seeking reasonable security from Want, but they will not go so far as to give up the civil liberties won gloriously through the centuries. They will want both.

In April 1945, the Allied Nations met in San Francisco, California, to draft a Charter for an organization that would be charged with making and keeping peace in the world. It was necessary for them in this giant task to lay their foundations upon the solid moral rock of civil liberties.

"For the first time in history," states the latest edition of *Encyclopaedia Britannica*, "guarantees of racial equality, self-government for dependent peoples, democratic liberties, human rights were spelled out in a basic Document."—(Roger W. Baldwin, Director American Civil Liberties Union.)

Taking civil liberties for granted as we do in this country it is very easy to become lax about them. Do you realize that in 1937, less than one-fourth of the world's population enjoyed full civil liberties? The proportion is very likely less today. Of the 75 sovereign states of the world in 1937, only 26 enjoyed civil liberties. Since that date a number of states have lost their sovereignty.

### **Rights of Minorities**

Civil liberties take in not only the rights of individuals but also affirm the rights of minorities. They rest on the principle of the "sovereignty of the voting population with control by the majority, and without impairment of the liberties of minorities to carry on activities."

"Civil liberties demand protection of citizens not only from oppressive acts of government but of private agencies and individuals as well." (ibid).

Our ancestors came to this continent seeking civil liberties. Many more may come. Millions more will likely come to Canada—if they get the chance, displaced persons and others who will not accept the despotism of the totalitarian state. Tyranny has tilted the earth and unless it should suddenly let up there is bound to be a slide of population westward. These people who have so suffered in the usurpation of their civil liberties will know how to value them even though they may not know them by name.

### **A Warm Crusade**

To be able to translate these liberties into economic justice for our own people and for those who may come is the great challenge in social education. Is not the great thing about co-ops that they fuse both, connect



the two in a living, functioning institution that meets the people at the friction point of their every day economic necessity? This itself is a real, educational and moral service given at the inflammation point in society; and those who work in the Movement are fully justified in realizing that, for they are often worried and fatigued by the more humdrum aspects of Co-operation: bookkeeping, accounting and the legal aspects—which though necessary and to be respected, are of the “letter that killeth.” Behind all this there is the “spirit that quickeneth,” warm in human fellowship and concern one for another and confidant in the high spiritual crusade for human dignity and economic justice. It is in this adventure in human brotherhood under God and in fashioning ways and means by which His “least brethren” may the better serve their material needs and have representation in the economic life that there lies the essential drive that should warm the heart and revive the courage of the worker who becomes wearied with the dismal details.

The world is striving for Peace with economic justice. Reckoning up the score all told, civil liberties become the guage in the long run. Reforms that usurp civil liberties will be found to be reactionary, however radical in appearance may be the mask they wear. When the Soviet State moved in on several of her smaller neighbors in Eastern Europe it was not the break-up of landed estates or of capitalist monopolies that drew the greatest concern; it was the ruthless usurpation of civil liberties—the infinitesimal dwarfing of the individual before the totalitarian state, the elimination of true courts of law based upon a moral concept of man and his rights and the substitution therefor of the political purge courts.

### Where the Line Is Drawn

Prime Minister Atlee of Great Britain on his 65th birthday, January 3rd, gave a radio address. He said in part: “Soviet Communism pursues a policy which threatens with a new form of imperialism—ideological, economic and strategic—the welfare and way of life of the other nations of Europe. Without political freedom, collectivism can quickly go astray and lead to new forms of oppression and injustice.

“In eastern Europe the Communist Party, while overthrowing an economic tyranny of landlordism and capitalism, has . . . rejected the whole spiritual heritage of western Europe. Absolutists masquerade under the names of upholders of democracy. . . .

“In Russia and the satellite countries of east Europe, the voice of criticism is silenced. Only one view is allowed.

“The year 1948 saw Liberals and Socialist revolt all over Europe against governments which suppressed all opposition.

“It is ironical that today the absolutists, who suppress opposition much more vigorously than the kings and emperors of the past, masquerade under the name of upholders of democracy.

“It is a tragedy that a section of the movement which began in an endeavor to free the souls and bodies of men should have been perverted into an instrument for their enslavement.”



### Co-operation and Socialism

There you have it. There you have the answer to the question that is in the minds of many people of how far can the movement for economic reform go without degenerating into demagoguery and ultimately into tyranny? There, it seems to me, you have an indication of the answer to the question of what is the relationship between Co-operation and State Socialism? Co-operation achieves in a degree the social administration and ownership of property in the local community directly by the people concerned but it draws the line at any interference with civil liberties. When civil liberties are usurped, reform becomes retrogression and is reactionary. All men of good will may be unified in maintaining the ideals and substance of civil liberties.

Co-operatives are often misrepresented—and come to be misunderstood even by well-meaning people. Co-operators will be wise to forestall any appearance of their movement bogging down into a quagmire of collectivism—by which I mean a system which merges the economic and political orders and throws away political freedom. Monopoly of wealth, and over natural resources is a great evil—and one against which co-operators are gathering their forces. But monopoly of political power and its usurpation of civil liberties is a still more monstrous power.

Co-operation is based upon God and the inner action of Divine Love working among men.

Other than the heart of the individual there is no source from which can come the impulses to transform the social order. Every man must be possessed of an ideal and be willing to acquire the information which will enable him to play his part in making a better world.

### Lack of Ideal is Costly

Someone has said that every heresy in the world is the revenge of a neglected truth; truth seems to have explosive and rebounding qualities causing it to come back all the stronger for being neglected; and the things that are not (as the Bible says) are in the end made to serve. Communism draws most of its moral force from that it requires its members to have an ideal; that their ideal is faulty is not the point. In a left-handed way they acknowledge that "men do not live by bread alone"; and this great heresy presents the world with the paradox of a materialistic philosophy of society possessing an ideal.

In the Marshall Plan the North American people are having to send billions to Europe. It is really to stop Communism. But there isn't any choice about it now. It is a part of the price of belonging to an economic system that lacked a social ideal in the past.

It was the blunder of the founders of liberal capitalism to think that men did not need a social ideal. Their views and the example of their followers broke down the solidarity and corporate conscience which had



slowly spread outward from Christian altars into the economic order. The motive of individual greed was thought to be enough; the greatest good of the greatest number was not held aloft as the incentive for action. They did not accept the fruits of science and technology as a gift of God to be used for the good of all men, but to be exploited by a few; they became the pragmatists, the so-called practical men and glorified in the title. They did not understand the stewardship of wealth. And under sway of this thought, men in positions of economic power deteriorated in moral stature while poverty, insecurity and sheer bafflement spread among the working classes. So that today, after 150 years of this, the Western world is harassed by the threat of Communism—heresy which is powerful because there is vocal within it the ghost of a buried truth.

Ideals come from individuals. Ideals are absorbed and carried by individuals. Whenever anything worthwhile happens on this earth it is only by people being "struck as if by a light from Heaven." Ideals spread outward from one person to another and on by geometric progression into the broad masses. It is by this route that the State receives the increase of saving powers to carry on its appointed mission. It is on a re-birth within the individual that we must hope. To every fresh need in human society, there is an answer of Divine grace, says Christopher Dawson. If the tasks of social reconstruction are great, staggering even, let us reflect that every crisis in human affairs is met by a new out-pouring of the Spirit.

### QUESTIONS

1. What are civil liberties? Name three.
2. Name two civil liberties that have application in co-operation.
3. What are the main points in the Bill of Rights of the U.S. Constitution?
4. Is the right of Association guaranteed to Canadians?
5. Approximately what periods of history were marked with the struggle for civil liberties?
6. Some would suspend civil liberties in the name of economic reform. Is this wise?



## *Labour Co-partnership*

# *A Solution Of The Wage Question*

BY GEORGE KEEN

(Reprinted from "Social Justice Review," St. Louis, Mo.)

At the inception of this industrial age, the relations between employer and employee often were personal and intimate. In those days of small scale production, it was a common practice for the employer personally to be engaged in the processes of production, with the assistance of what in Britain were called "journeymen," and indentured apprentices; the former being adult skilled workers, and the latter young people who were legally bound to the employer for a period of years to learn the craft or trade, at small but annually progressive wages. Some of them also became in due course self-employing workers. Frequently industrial concerns were owned by two or more working partners. In industrial towns, employers had interests in common with their employees. They attended the same churches and supported community services and charities.

With the growth of industry, the substitution of power and machinery for handicraft production, and the consequent passing of ownership from individuals to corporations, the relations between employers and employees underwent a fundamental change. The personal relations between them disappeared, and the hired executive took the place of the individual employer. The controlling executive in industry has ceased to regard himself as a "manufacturer," and describes himself as an "industrialist." Industry has grown to enormous proportions. In the course of time, through amalgamations as well as the result of continuous growth, and price fixing agreements or understandings between what would otherwise be, as they were in the early days, competing concerns, a monopolistic or semi-monopolistic stage has been reached. Legal ownership of industry is vested in shareholders, whose interest is impermanent and frequently transitory, sometimes being changed from day to day by sale and purchase on stock exchanges. While nominally exercising control in proportion to share capital investment, the great majority of shareholders show no personal interest whatever so long as they regularly receive a reasonable return on their shares. Actual control is generally exercised by minority groups who decide the amount of compensation which shall be paid for their own services, and the rate of dividend which shall be paid to shareholders. A very small minority of the latter exercise their legal rights by attending shareholders' meetings, and often the Boards of Directors are virtually oligarchies.

Industry today is passing, and, indeed, largely has passed, to the legal ownership of absentees. This not only applies to production, but to



the field of distribution which in an ever growing degree is being conducted by chain store and departmental store corporations. The shareholding owners are not personally interested in, and generally are not even acquainted with, the communities in which their profits are made. The profits created by the labors of workers in factories and stores are checked out of the communities in which they are earned for the enjoyment of shareholding owners residing elsewhere.

For reasons above mentioned, industrial corporations control, to a considerable extent, prices to the public. Serious competition between them as to prices has largely disappeared. The workers have become efficiently organized, and to a degree which enables them to exercise considerable influence on the cost of production. Were it not so, the fortunes of the comparatively few would have been greatly swollen, and the standards of living of many millions of workers would have been greatly reduced. In the many disputes between trades unions and industrial executives since the close of the War, the present writer cannot recall a single instance where an investigation was undertaken in advance to ascertain if the profits of an industry were sufficient to pay the increased wage scale demanded, after making provision for a reasonable return on share capital, and adequate appropriations to reserve funds to protect capital investment from impairment.

There were three sources available for the satisfaction of increased wage demands: The net profits of the industry, increased production per unit, and increased prices to the public. As the current tendency is reduced production through shorter hours, usually the burden has to be borne by the general public in increased prices. Additional profits are pyramided on increased labor costs as commodities pass from the point of production through wholesalers and retailers to the consumers or users. The real value of wage increases is to a considerable extent lost in the process. The consequent reduction in the purchasing power of the dollar has to be met by further demands for increased wages, and so on indefinitely.

A solution of this problem which will do justice to all interested is becoming imperative. It is believed by many that it is to be found in applying the principles of labor co-partnership to industry, as practised in the British Co-operative Movement. There are mainly two types of co-operative production: organization by consumers to satisfy their own needs for commodities and services as exemplified by the great English and Scottish Co-operative Wholesale Societies, and organization by workers themselves in labor co-partnership societies to provide self-employment. They have been operated side by side since the early days of the Movement, but consumer controlled production has made much greater progress. The continuous growth of retail co-operatives, which own the Wholesale Co-operatives and their factories, has insured an ever growing demand for the production of consumer goods under consumer control. It is not the general practice for the workers in consumer-owned factories to share in the division of operating surpluses. Actually, a profit is not made, as in



the case of the labor co-partnership factories. Operating surpluses could be increased or reduced by increasing or reducing prices to the member-consumers. It is, nevertheless, recognized that adequate wage scales are a first charge on the gross operating revenue, and the British Co-operative Movement has an excellent record as employers.

The basic principles of labor co-partnership are each worker a member, one member one vote, a fixed but moderate rate of interest on share capital, and division of the net profits among the workers in proportion thereto by his services. There are, however, variations. A model set of general rules has been prepared and copyrighted by the British Co-operative Union, which are adopted by labor co-partnership societies, but subject to such "special rules" as may be enacted by the individual society to meet its special needs. In some instances, consumers co-operatives become members of labor co-partnership societies, contribute substantially to the share capital, have voting privileges, and participate, in proportion to their purchases, with the workers in the distribution of the net profit, but usually in a lesser degree.

In 1945, there were ninety-one of these labor co-partnerships, or co-operative productive societies as they are sometimes called, with 18,256 members. The aggregate sales for the year were £9,557,629. The salaries and wages paid amount to £2,917,961 for productice and £41,560 for distributive services, and the dividends or bonuses thereon to £131,800. Forty-four of these societies are organized in the Co-operative Productive Federation, which provides services for their mutual advantage, including, when desired, promotion of sales of their products. Its public relations officer, in a statement issued last year, said these 44 societies had 7,000 workers and annual sales of £5,000,000. He reported the dividend paid to workers ran from five to ten per cent on wages, and to customers on their purchases from 3.12% to 5%. Appropriations from profits were also made for interest on share capital, and to education, provident, holiday and other funds.

Co-partnership societies are engaged in the following lines of production: cotton, linen, silk and woollens, boots and shoes and leather, and metal and hardware goods. They are also occupied in wood working, building and quarrying, printing and book binding, baking and confectionery, and in the operation of laundries. Many of them are old established, and some have been operating successfully for half a century. The labor co-partnership societies are linked up with the consumers' societies, and have, to a substantial extent, to rely thereon for a market for their goods. Indeed, the total production of clothing and footwear is sold to them. Co-operators, as a whole, are devoted to the consumers' theory of production: organization of the needs of consumers and satisfaction thereof, under their ownership and control. The ideal is an excellent one, but manifestly its complete achievement is remote. In the meantime, it is desirable to foster and to promote both types of production.

While labor co-partnership is of small dimensions so far, the soundness of its principles has been successfully demonstrated. They are worthy of



widespread adoption. It is believed by some they would introduce permanent tranquility, understanding and goodwill in industrial relations. Strikes would be avoided for co-partners cannot strike against themselves. While they usually pay themselves at least trades union rates of wages, they cannot take in wages more than the revenue of the undertaking would provide. To do so would involve loss of capital, and eventually, if persisted in, loss of the means of a livelihood. It may be mentioned that British Labor Co-partnership Societies function in harmony with the trades unions. Their members are usually trades unionists, and, in some instances, trades union officials, as such, are to be found on the "committees of management" (boards of directors).

Usually the worker in capitalist enterprise is not concerned to promote its success, or to safe-guard the interests of the employer if there should be a waste of time or material by a fellow-worker. That is regarded as the responsibility of the employer. In a labor co-partnership society, each co-partner is directly interested in the avoidance of waste and the stimulation of production. Waste by a fellow worker would involve loss to all. It is to the interest of all to maintain the maximum of production, for the reason that they, and not absentee or inactive shareholders having an investment interest only, enjoy the benefits accruing therefrom.

The relatively small extent to which the labor co-partnership movement in Britain has developed may be attributed mainly to the fact that it has been cultivated inside the general co-operative movement almost exclusively. For that reason, it would not make a strong appeal to workers outside the movement, and particularly to those engaged in lines of production not in consumer demand. "I quite agree that the word 'co-operative' is a black spot to some people," an official of the Co-operative Productive Federation wrote the present writer some months ago. It would not be likely to appeal to private enterprise in Britain as a solution to labor-management problems. On this continent different conditions prevail. Labor co-partnership principles could be adopted and practised without regard to the Consumers' Movement, and particularly in enterprises which do not directly supply a consumer demand.

A corporation could sell its business to co-partners incorporated for the purpose of purchasing the undertaking at a price to be mutually agreed upon, the same to be liquidated by the issue to its shareholders of non-voting share capital bearing a fixed rate of interest, or other types of security, payments in cash or by installments, and also by applying the future profits to the purpose until the purchase price is fully paid. If the ownership of an industry were to pass from absentee or inactive shareholders to the workers employed therein, given good management for which reasonable compensation plus a share in the profits would be provided, the concern could not only be expected to enjoy greater and steadier prosperity, but the community in which it was established would be nourished, in the economic sense, by the retention of the profits of the industry for the benefit of people residing therein. The sense of responsibility felt by each



co-partner in the operation of a local industry would, too, have a beneficial influence on character, and insure general interest in the welfare of the community.

Small industries are particularly suitable for conversion to labor co-partnerships. Employees therein are better acquainted with each other, and social and fraternal relations are more easily cultivated. Employees of small partnership firms and family or private corporations could pool their resources, and negotiate for the purchase of the undertakings in which they are employed. Groups of workers could, too, establish themselves on this plan and possibly secure the co-operation of their trades unions in financing them. In large industries, social and fraternal relations could probably best be cultivated on a departmental basis, with delegated representation on central councils organized for the purpose of co-ordinating their activities.



# *The Co-operative Development Foundation*

## *Memorandum Of Agreement And Bylaws*

### MEMORANDUM OF AGREEMENT

IN THE MATTER OF APPLICATION OF Ralph Staples and others for incorporation under the Companies Act of Canada as

#### "CO-OPERATIVE DEVELOPMENT FOUNDATION"

MEMORANDUM OF AGREEMENT of CO-OPERATIVE DEVELOPMENT FOUNDATION made and entered into this 1st day of October, 1947.

WE, the undersigned, do hereby severally covenant and agree each with the other to become incorporated under the provisions of the Companies Act of Canada as a corporation without share capital for the purposes and under the bylaws hereinafter set forth;

The purposes of the Foundation shall be:

(a) To operate exclusively as a charitable organization to administer a fund or funds for encouraging and fostering non-commercial co-operative organizations and projects and without limiting the generality of the foregoing, the encouragement and establishment and development of co-operative education, scholarship and research programs, artistic, architectural and recreational projects and health and housing programs with a view to promoting the mental, moral, physical and social well being and development of those who may be benefited thereby, without discrimination as to age, sex, color, race or religious inclinations; provided, however, that no funds or assets of the foundations, either principal or income, shall be paid to or used for any political organization or political purpose;

(b) To acquire for the purposes of the Foundation, absolutely or conditionally or in trust, property, real and personal, immovable and movable, by gift, devise, bequest, purchase, exchange or otherwise, and to perform or fulfill, or cause to be performed or fulfilled, all obligations pertaining to and all conditions of any such gift, devise, bequest, purchase, exchange or other acquisition;

(c) In the event of dissolution or winding-up, to transfer and deliver, after payment or satisfaction of all debts, liabilities and obligations of the Foundation, all its remaining property to such other charitable organizations in Canada as may be selected by the trustees.

The bylaws of the corporation shall be as follows:



- First Members** 1. The subscribers shall be the first members of the corporation.
- Membership** 2. Membership in the corporation shall not be transferable.
- Head Office** 3. The head office of the corporation shall be in the city of Ottawa, in the Province of Ontario and at such place therein where the operations of the corporation may from time to time be carried on.
- Board of Trustees** 4. The affairs of the corporation shall be managed by a board of five trustees, each of whom at the time of his election and throughout his term of office shall be a member of the corporation. Each trustee shall be elected to hold office until the first annual meeting after he shall have been elected or until his successor shall have been duly elected and qualified. The whole board shall be retired at each annual meeting but shall be eligible for re-election if otherwise qualified. Provided always that any trustee may at any time be removed from office and another appointed in his stead by resolution passed at a special meeting of members called for the purpose and passed by votes of three-fourths of the members of the corporation having voting rights, the person so appointed to hold office until the next annual election of trustees.
- Vacancies** 5. Vacancies on the Board of Trustees, however caused, may, so long as a quorum of trustees remain in office, be filled by the trustees from among the qualified members of the corporation, but if there is not a quorum of trustees the remaining trustees shall forthwith call a meeting of the members to fill the vacancy.
- Quorum** 6. A majority of the trustees shall form a quorum for the transaction of business.
- Meetings of Board of Trustees** 7. The Board of Trustees may hold its meetings at such place or places as it may from time to time determine. No formal notice of any such meeting shall be necessary if all the trustees are present, or, if those absent have signified their consent to such meeting and their inability to attend. Trustees' meetings may be formally called by the President or Vice-President or by the Secretary on direction of the President or Vice-President or by the Secretary on direction in writing of two trustees. Notice of such meetings shall be delivered, telephoned or telegraphed to each trustee not less than five days before the meeting is to take place or shall be mailed to each trustee not less than ten days before the meeting is to take place. The notice calling the meeting of the trustees need not specify the



object of the proposed meeting. A trustees' meeting may also be held immediately following the annual general meeting of the corporation. The trustees may consider or transact any business either special or general at any meeting of the board.

- |                                 |  |
|---------------------------------|--|
| <b>Errors in Notices</b>        | 8. No error or omission in giving such notice for a meeting of trustees shall invalidate such meeting or invalidate or make void any proceedings taken or had at such meeting and any trustee may at any time waive notice of any such meeting and may ratify and approve of any or all proceedings taken or had thereat.  |
| <b>Voting</b>                   | 9. Questions arising at any meeting of trustees shall be decided by a majority of votes. In case of any equality of votes the chairman, in addition to his original vote, shall have a second or casting vote.   |
| <b>Powers</b>                   | 10. The trustees of the corporation may administer the affairs of the corporation in all things and make or cause to be made for the corporation, in its name, any kind of contract which the corporation may lawfully enter into and generally, save as hereinafter provided, may exercise all such other powers and all such other acts and things as the corporation is by its charter or otherwise authorized to exercise and do.  |
| <b>Remuneration of Trustees</b> | 11. The trustees shall receive no remuneration for acting as such but shall be entitled to receive actual out-of-pocket expenses.  |
| <b>Provisional Trustees</b>     | 12. The following shall be the provisional trustees of the corporation: Ralph Sharpe Staples, Albert Cornelius Savage, Angus Bernard MacDonald, Joseph Douglas MacNeil and Robert James McMaster.  |
| <b>Officers of Corporation</b>  | 13. There shall be a President, a Vice-President, a Secretary and a Treasurer or in lieu of a Secretary and Treasurer a Secretary-Treasurer and such other officers as the Board of Trustees may by bylaw from time to time determine. One person may hold more than one office except the officers of President and Vice-President. The President and Vice-President shall be elected by the Board of Trustees from amongst their number at the first meeting of the board after the annual election of such Board or Trustees, provided that in default of such election the then incumbents, being members of the board shall hold office until their successors are elected. The other officers of the |



corporation need not be members of the board and in the absence of written agreement to the contrary, the employment of all officers shall be settled from time to time by the Board.

**Duties of  
President and  
Vice-President**

14. The President shall, when present, preside at all meetings of the members of the corporation and of the Board of Trustees. The President shall also be charged with the general management and supervision of the affairs and operations of the corporation. The President with the Secretary or other officer appointed by the board for the purpose shall sign all bylaws and membership certificates. During the absence or inability of the President, his duties and powers may be exercised by the Vice-President, and if the Vice-President or such other trustee as the board may from time to time appoint for the purpose, exercises any such duty or power the absence or inability of the President shall be presumed with reference thereto.

**Duties of  
Secretary**

15. The Secretary shall be ex-officio clerk of the Board of Trustees; he shall attend all sessions of the Board of Trustees and record all facts and minutes of all proceedings in the books kept for that purpose; he shall give all notices required to be given to members and to trustees; he shall be the custodian of the seal of the corporation and of all books, papers, records, correspondence, contracts and other documents belonging to the corporation which he shall deliver up only when authorized by a resolution of the Board of Trustees to do so and to such person or persons as may be named in the resolution, and he shall perform such other duties as may from time to time be determined by the Board of Trustees. The secretary shall certify all documents issued by the corporation.

**Duties of  
Treasurer**

16. The Treasurer, or person performing the usual duties of a Treasurer, shall keep full and accurate accounts of all receipts and disbursements of the corporation in proper books of account and shall deposit all moneys or other available effects in the name and to the credit of the corporation in such bank or banks as may from time to time be designated by the Board of Trustees; he shall disburse the funds of the corporation under the direction of the Board of Trustees, taking proper vouchers therefor and shall render to the Board of Trustees at the regular meetings thereof or whenever required of him, an account of all his transactions as Treasurer, and of the financial position of the corporation. He shall also perform such other duties as may from time to time be determined by



the Board of Trustees. The treasurer shall be required to furnish a satisfactory bond for the due performance of his duties.

**Duties of other  
Officers**

17. The duties of all other officers of the corporation shall be such as the terms of their engagement call for or the Board of Trustees requires of them.

**Books and  
Records**

18. The trustees shall see that all necessary books and records of the corporation required by the bylaws of the corporation or by any applicable Dominion or Provincial Statute or law are regularly and properly kept.

**Membership**

19. The membership shall consist of the applicants for the incorporation or the corporation and of all such other individuals and of such corporations and other legal entities as having expressed an interest in the objects and purposes of the corporation and applied for membership, are elected members by the Board of Trustees, provided however, that the membership shall not exceed fifteen.

The interest of a member in the corporation shall not be transferable and shall lapse and cease to exist when such member shall cease to be a member by death, resignation or otherwise in accordance with the bylaws or regulations from time to time in force.

Members may resign by resignation in writing which shall be effective upon acceptance thereof by the Board of Trustees.

Each member in good standing shall be entitled to one vote on each question arising at any special or general meeting of the members. Corporations and other legal entities may vote through a duly authorized representative.

**Meetings**

20. The first general meeting shall be held at such place as the trustees may determine, and subsequent general meetings shall be held at such time and place as may be prescribed by the corporation in general meeting; and if no other time or place is prescribed the trustees may fix a time and place for holding a meeting. The trustees may, whenever they think fit, and shall upon requisition made in writing by any five or more members convene a general meeting. The requisition shall express the object of the meeting proposed to be called and shall be left at the head office of the corporation, and upon receipt of such requisition the trustees shall forthwith convene a general meeting, and if they do not convene the same within twenty-one days of the receipt of the requisition, the requisitionists or any other five members may themselves convene a meeting. At least fourteen days' notice of any general



meeting specifying the place, the day and hour of meeting and in case of special business the general nature of such business shall be given to the members in the manner hereinafter mentioned or, in such other manner, if any, as may be prescribed by the corporation in general meeting but the non-receipt of such notice by any member shall not invalidate the proceedings of any general meeting. With the consent in writing of all the members, a general meeting may be convened on shorter notice than fourteen days and in any manner which such members think fit.

**Quorum**

21. A quorum at any general meeting of the corporation shall consist of five members present in person. If within one hour from the time appointed for the meeting a quorum is not present the meeting, upon requisition of the members, shall be dissolved; in any other case it shall stand adjourned sine die.

**Auditors**

22. One or more auditors shall be appointed at each annual meeting of the members of the corporation. The auditors of the corporation when appointed shall hold office until the next annual meeting after being appointed, or until their successors are appointed, unless previously removed by resolution of the members in general meeting. If the remuneration of the auditor or auditors is not fixed by the members at the annual meeting then the remuneration of the auditor or auditors shall be fixed by the trustees of the corporation. A trustee or officer of the corporation shall not be capable of being appointed auditor. The first auditor of the corporation may be appointed by the trustees before the first annual general meeting and if so appointed shall hold office until the first annual general meeting unless previously removed by resolution of a general meeting in which case the members at that meeting may appoint an auditor.

**Fiscal Year**

23. The fiscal year of the corporation shall be the calendar year.

**Amendments,  
Repeals and  
Confirmations  
Bylaws**

24. The trustees of the corporation shall have the power to make additional bylaws from time to time, or to repeal amend or re-enact any bylaw, but every such bylaw and every such repeal, amendment or re-enactment shall, unless in the meantime confirmed at a general meeting of the corporation duly called for that purpose, have force only until the next annual meeting of the corporation, and in default of confirmation at such annual meeting, shall at and from that time only cease to have force; provided, however, that the corporation shall have power, either at a general meet-



ing called as aforesaid or at the annual meeting of the corporation, to repeal, amend, vary or otherwise deal with any bylaws that have been passed by the trustees, provided further that no act done or right acquired under any bylaw shall be prejudicially affected by such failure to confirm or by such repeal, amendment, variation or other dealing in connection therewith, provided, however, that the repeal or amendment of bylaws shall not be enforced or acted upon until the approval of the Secretary of State of Canada has been obtained.

IN WITNESS WHEREOF we have hereunto set our hands and affixed our seals.

DATED at Ottawa in the Province of Ontario this 1st day of October, 1947.

Witness:

(Signed)

MARGARET S. SHELDON

AS TO ALL SIGNATURES.

RALPH S. STAPLES

A. C. SAVAGE

J. D. MCNEILL

A. B. MACDONALD

R. J. MCMASTER



# *Balance Sheet as of December 31st, 1947*

Exhibit "A"

## ASSETS

Cash on Hand, In Transit and in Bank .....	\$1,414.91
Accounts Receivable .....	2,597.78
Pamphlets on Hand for Sale—as determined and certified by Union Officials, valued at the lower of cost or market	815.98
	<u>\$4,828.67</u>
Office Furniture, Fixtures and Equipment—at cost, less Reserve for Depreciation .....	1,128.12
Prepaid Insurance .....	83.34
Films loaned out for rental—at cost, less depreciation .....	903.23
	<u>\$6,943.36</u>

## LIABILITIES AND SURPLUS

Accounts Payable .....	\$2,634.67
Surplus:	
Balance December 31, 1946 .....	\$2,878.61
Add: Adjustment required to record value of physical inventory of Pamphlets on Hand for Sale as at June 30, 1947 .....	574.81
	<u>\$3,453.42</u>
Excess of Revenue over Expenditures for the year ended December 31, 1947, as per Exhibit "B" .....	855.27
	<u></u>
Balance December 31, 1947 .....	\$4,308.69
	<u>\$6,943.36</u>



*Statement Of Revenues And Expenditures*

For the year ended December 31, 1947

Exhibit "B"

## Revenue:

Assessments .....	\$27,689.17
Special Contributions to 1946 Deficit .....	380.00
Miscellaneous .....	2,064.59
	<u>\$30,133.76</u>

## Expenditures:

Salaries .....	\$14,172.51
Travelling .....	6,096.37
Legal Fees and Expenses .....	2,532.19
Other Miscellaneous Administrative Expenses .....	5,929.35
International Co-operative Alliance— 1947 Dues .....	350.56
Depreciation Provision .....	197.51
	<u>\$29,278.49</u>

Excess of Revenue over Expenditure for the period .....	\$ 855.27
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**AUDITORS' REPORT TO THE MEMBERS**

We have examined the accounts and records of the Co-operative Union of Canada for the year ended December 31, 1947, and have obtained all the information and explanations we have required.

We report that, in our opinion, the above Balance Sheet and related Statement of Revenue and Expenditures are properly drawn up so as to exhibit a true and correct view of the Union's affairs as at December 31, 1947, according to the best of our information, the explanations given to us and as shown by the books of the Union.

Toronto, Ontario.  
February 5, 1948.

(Signed) MILLAR, MACDONALD & CO.  
Chartered Accountants.



# *Memo*



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# MEMORANDUM RE: EXISTING PROVINCIAL CO-OPERATIVE

Background	Issues	Options	Recommendations
The existing Provincial Co-operative is a not-for-profit organization established in 1965. It has a membership of approximately 1,000 individuals and is currently operating at a loss of approximately \$100,000 per year. The organization's primary purpose is to provide financial and technical assistance to small businesses and individuals in the province.	The main issue is the financial viability of the organization. The current operating losses are unsustainable, and the organization is facing a significant risk of insolvency. The Board of Directors is currently reviewing the organization's financial statements and is seeking advice from external consultants.	There are three main options available to the organization. Option 1 is to continue operating as a not-for-profit organization and to seek additional funding from the government. Option 2 is to convert the organization to a for-profit corporation and to seek private investment. Option 3 is to liquidate the organization and to distribute its assets to the members.	The Board of Directors is recommending that the organization should continue operating as a not-for-profit organization and should seek additional funding from the government. This option is considered to be the most viable in the long term.
The organization's financial statements for the year ended 31 December 1999 show a net loss of \$100,000. The loss is primarily due to the organization's high operating costs, which are significantly higher than those of similar organizations in the province. The organization's revenue is primarily derived from the fees charged to its members, and this revenue is insufficient to cover its operating costs.	The organization's high operating costs are a major concern. The Board of Directors is currently reviewing the organization's operating costs and is seeking advice from external consultants. The organization is also considering the possibility of reducing its operating costs by outsourcing certain functions.	The organization is considering the possibility of reducing its operating costs by outsourcing certain functions. This option is being evaluated by the organization's management and is expected to be completed by the end of the year.	The Board of Directors is recommending that the organization should continue operating as a not-for-profit organization and should seek additional funding from the government. This option is considered to be the most viable in the long term.
The organization's membership is currently approximately 1,000 individuals. The membership is primarily composed of small businesses and individuals in the province. The organization's membership is growing at a rate of approximately 10% per year, which is a positive sign for the organization's future prospects.	The organization's membership is growing at a rate of approximately 10% per year, which is a positive sign for the organization's future prospects. However, the organization is also facing a significant risk of losing its membership if it is unable to provide the financial and technical assistance that its members expect.	The organization is considering the possibility of providing additional financial and technical assistance to its members. This option is being evaluated by the organization's management and is expected to be completed by the end of the year.	The Board of Directors is recommending that the organization should continue operating as a not-for-profit organization and should seek additional funding from the government. This option is considered to be the most viable in the long term.
The organization's financial statements for the year ended 31 December 2000 show a net loss of \$120,000. The loss is primarily due to the organization's high operating costs, which are significantly higher than those of similar organizations in the province. The organization's revenue is primarily derived from the fees charged to its members, and this revenue is insufficient to cover its operating costs.	The organization's high operating costs are a major concern. The Board of Directors is currently reviewing the organization's operating costs and is seeking advice from external consultants. The organization is also considering the possibility of reducing its operating costs by outsourcing certain functions.	The organization is considering the possibility of reducing its operating costs by outsourcing certain functions. This option is being evaluated by the organization's management and is expected to be completed by the end of the year.	The Board of Directors is recommending that the organization should continue operating as a not-for-profit organization and should seek additional funding from the government. This option is considered to be the most viable in the long term.
The organization's membership is currently approximately 1,100 individuals. The membership is primarily composed of small businesses and individuals in the province. The organization's membership is growing at a rate of approximately 10% per year, which is a positive sign for the organization's future prospects.	The organization's membership is growing at a rate of approximately 10% per year, which is a positive sign for the organization's future prospects. However, the organization is also facing a significant risk of losing its membership if it is unable to provide the financial and technical assistance that its members expect.	The organization is considering the possibility of providing additional financial and technical assistance to its members. This option is being evaluated by the organization's management and is expected to be completed by the end of the year.	The Board of Directors is recommending that the organization should continue operating as a not-for-profit organization and should seek additional funding from the government. This option is considered to be the most viable in the long term.
The organization's financial statements for the year ended 31 December 2001 show a net loss of \$140,000. The loss is primarily due to the organization's high operating costs, which are significantly higher than those of similar organizations in the province. The organization's revenue is primarily derived from the fees charged to its members, and this revenue is insufficient to cover its operating costs.	The organization's high operating costs are a major concern. The Board of Directors is currently reviewing the organization's operating costs and is seeking advice from external consultants. The organization is also considering the possibility of reducing its operating costs by outsourcing certain functions.	The organization is considering the possibility of reducing its operating costs by outsourcing certain functions. This option is being evaluated by the organization's management and is expected to be completed by the end of the year.	The Board of Directors is recommending that the organization should continue operating as a not-for-profit organization and should seek additional funding from the government. This option is considered to be the most viable in the long term.
The organization's membership is currently approximately 1,200 individuals. The membership is primarily composed of small businesses and individuals in the province. The organization's membership is growing at a rate of approximately 10% per year, which is a positive sign for the organization's future prospects.	The organization's membership is growing at a rate of approximately 10% per year, which is a positive sign for the organization's future prospects. However, the organization is also facing a significant risk of losing its membership if it is unable to provide the financial and technical assistance that its members expect.	The organization is considering the possibility of providing additional financial and technical assistance to its members. This option is being evaluated by the organization's management and is expected to be completed by the end of the year.	The Board of Directors is recommending that the organization should continue operating as a not-for-profit organization and should seek additional funding from the government. This option is considered to be the most viable in the long term.
The organization's financial statements for the year ended 31 December 2002 show a net loss of \$160,000. The loss is primarily due to the organization's high operating costs, which are significantly higher than those of similar organizations in the province. The organization's revenue is primarily derived from the fees charged to its members, and this revenue is insufficient to cover its operating costs.	The organization's high operating costs are a major concern. The Board of Directors is currently reviewing the organization's operating costs and is seeking advice from external consultants. The organization is also considering the possibility of reducing its operating costs by outsourcing certain functions.	The organization is considering the possibility of reducing its operating costs by outsourcing certain functions. This option is being evaluated by the organization's management and is expected to be completed by the end of the year.	The Board of Directors is recommending that the organization should continue operating as a not-for-profit organization and should seek additional funding from the government. This option is considered to be the most viable in the long term.
The organization's membership is currently approximately 1,300 individuals. The membership is primarily composed of small businesses and individuals in the province. The organization's membership is growing at a rate of approximately 10% per year, which is a positive sign for the organization's future prospects.	The organization's membership is growing at a rate of approximately 10% per year, which is a positive sign for the organization's future prospects. However, the organization is also facing a significant risk of losing its membership if it is unable to provide the financial and technical assistance that its members expect.	The organization is considering the possibility of providing additional financial and technical assistance to its members. This option is being evaluated by the organization's management and is expected to be completed by the end of the year.	The Board of Directors is recommending that the organization should continue operating as a not-for-profit organization and should seek additional funding from the government. This option is considered to be the most viable in the long term.



Province	Under Authority of	Membership	Capital	Deposits	Loans
<b>BRITISH COLUMBIA</b> B.C. Central Credit Union, Incorp. 1944.	B.C. Credit Union Act — 21, 2) b)	10 or more Co-ops or Credit Unions incorporated in B.C.	Non-permanent \$5.00 shares. \$5.00 for every \$1,000 of mbrs. assets minimum requirement.	From members only Central's deposits must be in bank or Dom. or B.C. Bonds.	To members for provident, productive and merchandising purposes.
<b>ALBERTA</b> Alta. Central Credit Union. Incorp. 1947.	Alta. Credit Union Act. Sec. 79, 1 and 2 (a-f).	Co-ops and Credit Unions incorp. under Alta. Legislation.	Non-permanent \$5.00 shares. Unlimited, 2 shares must be held for every \$1,000 of mbrs. assets. 4 shares required for membership — limit per member 200 shares.	From members only. All deposits must be held in Bonds or other depository approved by Registrar.	To members for provident, productive and merchandising purposes.
<b>SASKATCHEWAN</b> Sask. Co-op. Cr. Society. Incorp. 1941.	Private Act.— Statutes of 1941, Chapter 93. Power to open Branch Offices.	Co-ops, Credit Unions and companies and organizations doing business on Co-op or Credit Union principles.	Authorized \$5,000,000.00. Permanent as at January 1 each year. Two \$10.00 shares required for membership.	From members only. Society provides checking facilities through arrangement with chartered banks.	To members for all purposes of their operations.
<b>MANITOBA</b> Man. Central Cr. Union Society, Ltd. Incorp. 1944.	Man. Credit Union Act. Sec. 4 c and 71.	Co-ops, Credit Unions and their officers, directors and committee members.	Non-permanent. Unlimited \$5.00 shares.	From members only.	To members only for provident and productive purposes.
<b>ONTARIO</b> Credit Dept.— Ont. Credit Union League. Incorp. 1943.	Ontario Cr. Un. Act. Sec. 48. Credit Dept. operated by committee of 3 of which one must be a League Director.	Ontario Credit Unions only.	Non-permanent. \$10.00 shares unlimited in number. Members can buy shares only up to 25% of their own shares.	From members only. Members limited in an amount not over 25% of their own deposits.	To members only.
<b>QUEBEC</b> Operate a number of Centrals. A typical example taken.	Co-op Syndicates Act Sec. 49.	From well defined areas, either individual Assn's or Societies accepted. School Boards, Mun. Corps., Churches, Church Organizations. Also auxiliary members (married women and minors with no voting rights).	Unlimited \$1.00 shares. Withdrawable but dependent on minimum set by by-laws.	From members only.	To members. All loans subject to Regional's approval.
<b>NEW BRUNSWICK</b> Brunswick Credit Union Federation.	New Brunswick Cr. Union Federation Act.	Co-ops, Credit Unions and organizations operating on Co-op principles.	Details not at hand.	From members only.	To members only.
<b>NOVA SCOTIA</b> N.S. Credit Union League—Deposit and and Loan Dept. Incorp. 1938.	Nova Scotia Credit Union League Act.	Credit Unions incorp. in N.S.	Accepts Deposits and Shares from members repayable on demand or deferred by mutual agreement for 1 or 3 year terms. Time deposits may be renewed.		To members.
<b>PRINCE EDWARD ISLAND</b> P.E.I. Credit Union League — Share and Loan Dept.	P.E.I. Credit Union Act.	Co-ops and Credit Unions.	Non-Permanent and unlimited.	From members only.	To members only.



# MORANDUM RE EXISTING PROVINCIAL CO-OPERATIVE CREDIT ORGANIZATIONS

Loans	Investments	Borrowing Powers	Reserves	Directors	Credit Committee	Supervisory Committee	Assets
To members for provident, productive and merchandising purposes.	Real Estate and office building up to 10% of shares. 10% of shares in other Credit Unions, Bank deposits or D. of C. or B.C. Bonds, or guaranteed thereby.	For all purposes but limited to 25% of assets, excluding deposits. (Includes by way of Mtge. and Debentures.)	20% of net until reserve amounts to 20% of share capital.	9 in number serving 3 year terms.	5 in number of which 4 are elected and 1 is appointed by Board.	3 in number, elected at Annual Meeting.	Dec. 31/47—\$150,000.00
To members for provident, productive and merchandising purposes.	Limited to 25% of Central's shares. In holdings of shares of Credit Unions and Building Associations and as authorized by Trustee Act.	Can. Mtge. all Real Estate and Bank Depts. Directors authority can borrow up to 25% of assets. On auth. of general meeting can borrow up to 50% of assets.	20% of net Revenue plus all fines and entrance fees.	7 in number serving 3 year terms.	5 in number—2 elected by Directors and 3 by Annual Meeting.	3 in number serving 3 year terms, elected by Annual Meeting. Also Auditor required.	Dec. 14/47—\$45,772.00
To members for all purposes of their operations.	Dom. or Prov. (any prov. in Can.) Bonds or guaranteed thereby. Real Estate. Contribute to funds or capital or hold shares in any Association or Society with similar objects and incorp. under Dom. or any Prov. of Can. Deposit with Banks, Trust Co's, P.O. Savings Banks and with Companies similar to this Society in any part of the world.	As Directors see fit. No limit.	20% of net Revenue plus any additional amounts in general or special reserve deemed advisable by Directors.	7 in number serving 3 year terms.	5 in number—2 elected by Annual Meeting, 1 by and from Directors together with Pres. and Treas.	None. Annual Meeting appoints Auditors.	Nov. 30/47—\$2,225,000.00
To members only for provident and productive purposes.	As authorized under Trustees Act. 25% of Capital may be held in shares of Building Societies or other Cr. Unions and Deposits in chartered banks or P.O. Savings banks.	Power to hypothecate any or all assets. Board may borrow up to 25% and Annual Meeting may authorize up to 50% of total assets.	20% of net revenue plus fines and entrance fees until 10% of total shares and deposits is reached.	7 in number serving 2 year terms.	3 in number serving 2 year terms.	3 in number serving 2 year terms.	Nov. 30/47—\$201,244.00
To members only.	As authorized by Trustees Act of Ontario.	No mention made in Credit Dept's. by-laws.	20% of net revenue until reserve reaches 10% of assets.	3 committee members. See under "Authority". League has 18 Directors serving 3 year terms.	Power vested in 3 committee members. See under "Authority".	3 in number elected annually and serving 1 year term.	Sept. 30/47—\$ 205,944.00
To members. All loans subject to Regional's approval.	Dom. of Can. and Prov. of Que. Bonds or guaranteed thereby. Deposits in banks, Trust Co's, and Regionals.	Not over twice the amount of special reserve and paid up capital.	10% of net revenue until reserve is equal to shares.	Minimum of 5 in number called Board of Management.	3 in number serving 1 year term.	3 in number, serving 1 year term.	
To members only.	Real or Personal Property and as authorized under Trustees Act.	Board may borrow up to 25% and Annual Meeting may authorize up to 50% of total assets.	20% of net revenue.	Not less than 5 serving 3 year terms.	5 in number serving 3 year terms.	3 in number serving 3 year terms.	Organized recently. No details at hand.
To members.	Real Estate or such securities as defined under Sec. 12 E of Credit Union Act. Deposits in chartered banks.		10% of net for Bad and Doubtful loans, plus 10% of net for General Reserve.	9 in number serving 3 year terms.	6 in number serving 3 year terms.	3 in number serving 3 year terms.	
To members only.	As authorized by P.E.I. Law for Trust Funds.	Board may borrow up to 25% and Annual Meeting may authorize up to 50% of total assets.	20% of net revenue.	5 in number serving 1 year term chosen by and from Directors of Credit Union League.	3 in number serving 1 year term and chosen from Share and Loan Dept. Directors.	2 in number serving 1 year term.	Jan. 31/48— \$ 584,421.00











